The China Weekly
REVIEW
密勒氏評論報
A Weekly Newspaper Established in 1917

June 3, 1939

That Stupendous Air Battle
AN EDITORIAL

Searching for New Industry
BY REWI ALLEY

Japan Wants to Buy Guam!
BY MASANORI ITO

National Production Meeting
BY C. Y. W MENG

The Battle of Tungw'an
BY C. J. WANG

Hitler is Courting Stalin

THIRTY CENTS A COPY (In Shanghai) FORTY CENTS
Volume 89

★ ★ AMERICAN ★ ★
PRESIDENT LINES

Serve The World

REDUCED ROUND TRIP FARES

SEE

THE "PAGEANT OF THE PACIFIC"

on

TREASURE ISLAND

in San Francisco Bay

and

THE "WORLD OF TOMORROW"

in New York City

During your Summer Holidays.

AMERICAN PRESIDENT LINES

51 Canton Road, Shanghai Tel. 15309

What People Are Saying

Comments from Readers on Current Topics are cordially invited; their opinions, however, do not necessarily represent the views of the *China Weekly Review*.

IS THIS NEUTRALITY?

To the Editor:

On May 12 the Shanghai Municipal Council and the French Municipal Council issued a joint proclamation setting forth their united positions and threatening drastic punishment to any persons participating in the activtities of political organizations in either of the two foreign-controlled areas. At the same time it appears that law-abiding residents may continue with security to carry on their lawful occupations, irrespective of their nationality.

I am much perplexed and cannot help questioning whether their words are not wholly contrary to their actual deeds. It is an open secret that since the withdrawal of Chinese troops from Shanghai, the two Councils have been complying with Japanese wishes. To make this more clear, let me point out two or three events in which the significance of their so-called neutrality appears quite clearly.

First, the prohibition of the flying of Chinese flags represents an inequality. Why should the Chinese not enjoy the same rights as other nations? Is this neutrality?

Second, four foreign-owned Chinese papers have been suspended for allegedly publishing anti-Japanese propaganda, while the Japanese-sponsored **Hsin Shun Pao**, known by everyone to be an anti-Chinese paper, is still sold and delivered as usual in the areas under foreign jurisdiction.

Third, there is the arrest of Chinese in both areas by the Japanese. Does this not amount to leaving the lives and property of Chinese defenceless?

Events have shown that further concessions will never satisfy the Japanese. The authorities of the two foreign-controlled areas will therefore wrong themselves if they continue along the present line of action.

N. C. HSU

Shanghai, May 24, 1939

FACTS ARE FACTS

To the Editor:

In these days, when history is being made, it is well to have the facts accurate. Lately I have seen statements by two or three writers, to the effect that, when Japan began the war in North China, and wanted to confine it to that region, the Chinese deliberately extended its area by starting in at Shanghai. I do not happen to have your diary of events, but unless my memory is seriously at fault, the trouble began at Shanghai with the arrogant attempt of a Japanese officer and his subordinate to capture the Hungjao airdrome, the sentries very rightly shooting them when they refused to stop or withdraw. After this, the Chinese authorities proposed to the Japanese that there should be a joint inquiry into the incident, so as to determine the responsibility. This the Japanese refused, and began reprisals forthwith.

It is true, the Japanese declared that the invasion in the North was a local affair and must be settled locally, without the interference of the Central Government. This the Central Government refused to concede, for it was only making another Manchuria of the Northern Provinces.

Of course, if the two Japanese had been allowed to capture the airdrome unresisted, and if the Japanese troops had been welcomed with cheering and flags when they landed, then, no doubt, there would have been no fighting in Shanghai, though it is improbable that the Japanese could have entirely resisted the temptation to do a little shooting and bombing. But only if we regard the Chinese as in duty bound to offer no resistance whatever can we regard them as having extended the war to the Yangtsze region in order to be able to fight on more even terms, which, it seems, is the version which somebody is interested in putting across.

And as for the still further extension to Canton, I suppose that was "military necessity," and much against Japan's will. My point is that, if the "fact" is accepted that China challenged Japan by horning in at Shanghai, the way is paved for the assumption, when it comes to discussing terms of peace, that it was just a fight in which it is impossible to assign any blame—or that if there is any blame, it is all China's. That would be very far from the truth and would hopelessly prejudice the settlement of a war in which Japan was the sole and unprovoked aggressor. It is said that some observers in Shanghai take the view that China is responsible for extending the area of hostilities. I know there are some gentlemen in Shanghai who want to be left in peace and who think that if the Chinese had not been so foolish as to resist, business would not be so bad as it is. I feel for them, as I am something of a pacifist myself, but facts are facts.

A. MORGAN YOUNG

Oxford, England, May 3, 1939

NORTH CHINA HEAVEN

To the Editor:

For the information of your readers, I should like to state that travelling in North China is very risky, especially in or near the railway zones. If the guerrillas find in your possession the puppet "F.R.B." banknotes it means finish—they'll shoot you on the spot.

The cost of living here is very high —200 per cent higher than in 1937. We have no freedom at all. Search parties are likely to come to your place of residence at any time, even after midnight, and they can detain you as long as they wish. If you pay them something they let you go.

Slapping and kicking occur every day and the rape cases are countless. There is no one to complain to, either. Such is life!

O. S. CHANG

Peiping, May 21, 1939

THE CHINA WEEKLY REVIEW

Formerly Millard's Review

Cable Address "REVIEWING SHANGHAI"

J. B. POWELL, *Editor and Publisher*

C. FRANK GLASS, *Assistant Editor* HOH CHIH-HSIANG, *Editorial Dept.*

Advertising Dept.: TRYPHON V. KU, S. GRUENBERG

F. K. CHAO, *Business Dept.*

Index for June 3, 1939

Editorial Paragraphs

Roosevelt and Hull Oppose Isolation But Congress Continues to Dawdle 3
Japanese Start Paper But I. N. S. Didn't Arrive 6
Bishop Paul Yu-pin's Visit to American Catholics 6
Hitler Makes First Approach to Moscow as Stalin Exploits Enmity of Rival Coalitions 7
Stupendous Japanese-Mongolia Air Battles as told by Domei .. 9
U. S. Merchants Determined to Continue in China 9

Special Articles

Wang Ching-wei's Schemings Exposed by Press 11
Nippon Writer Advocates Sale of Guam by U. S. *By Masanori Ito* 13
The First National Production Conference in China ..... *By C. Y. W. Meng* 15
Textile Industry in Shanghai Booming ..... *By A Chinese Correspondent* 17
The Battle of Tungw'an—A Guerrilla Episode .. *By C. J. Wang* 18
Japanese Imposes Virtual Blockade of China Coast; Powers Consider Action 19
Searching Old Trails for New Industry ..... *By Rewi Alley* 20
China is Also Fighting for Australia, Mme. Chiang Declares in Broadcast 22

Departments

What People Are Saying 1
Outstanding Events in the Sino-Japanese War 24
Who's Who in China 27
Men and Events 28
New Books of Interest in the Far East 31

PUBLISHED AT NO. 160 AVENUE EDWARD VII, SHANGHAI, CHINA, BY MILLARD PUBLISHING COMPANY, INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE, UNITED STATES OF AMERICA. YEARLY SUBSCRIPTION, FIFTY-TWO ISSUES, FOURTEEN DOLLARS (CHINESE CURRENCY) IN ADVANCE, POSTAGE INCLUDED IN CHINA AND JAPAN. ADD $3.00 TO COVER EXTRA POSTAGE TO HONGKONG. IN THE UNITED STATES AND FOREIGN COUNTRIES EIGHT DOLLARS U.S. CURRENCY. REMITTANCES FROM OTHER COUNTRIES THAN CHINA AND THE U.S. CAN BE MADE BY INTERNATIONAL MONEY ORDER. ENTERED AS SECOND-CLASS MATTER IN THE CHINESE POST OFFICE AT SHANGHAI IN MAY 1917. BY AIR-MAIL—TO CHUNGKING AND ELSEWHERE IN WEST, NORTHWEST AND SOUTHWEST CHINA THE RATE IS $30 A YEAR OR $15.50 FOR A HALF-YEAR.

CONTENTS OF PREVIOUS ISSUES OF THE CHINA WEEKLY REVIEW MAY BE FOUND IN THE "INTERNATIONAL INDEX TO PERIODICALS." COPIES OF WHICH ARE ON FILE IN MOST STANDARD LIBRARIES. COMMUNICATIONS PERTAINING TO SUBSCRIPTIONS OR ADVERTISING IN CHINA OR ABROAD SHOULD BE ADDRESSED TO THE CHINA WEEKLY REVIEW AT 160 AVENUE EDWARD VII, SHANGHAI, CHINA, TELEPHONE 14741. CABLE ADDRESS "REVIEWING SHANGHAI."

ALL EDITORIAL, TEXT AND OTHER MATERIAL IN THE WEEKLY ISSUES OF THE CHINA WEEKLY REVIEW IS COPYRIGHTED UNDER CERTIFICATE OF REGISTRATION NO. 9953 ISSUED BY THE MINISTRY OF INTERIOR OF THE NATIONAL GOVERNMENT OF THE REPUBLIC OF CHINA.

RELIABLE
SERVICE
AVENUE FOCH & AVENUE EDWARD VII

SOCONY

THE NATIONAL CITY BANK OF NEW YORK
ESTABLISHED 1812

Savings Accounts

$10 (National Currency) will open a savings account with interest at

3½%
per annum

The
National City Bank
of New York
SHANGHAI BRANCH
41 KIUKIANG ROAD

Don't give your Children simply Chocolates, but Chocolates with Growth-promoting Ingredients.

Our

CALOCALC

is Chocolate in taste, flavour, and appearance but contains Calcium Gluconate and Vitamin D, which are essential for strengthening the bone, the teeth, and the lungs.

INTERNATIONAL
DISPENSARY
AND BRANCHES

密勒氏評論報
The China Weekly
REVIEW
Formerly Millard's Review

中華郵政特准掛號立券之報紙

for transmission with special marks privileges in China
Registered at the Chinese Post Office as a newspaper

Volume 89 | Shanghai, China, Saturday, June 3, 1939 | Number 1

Roosevelt and Hull Oppose Isolation But Congress Continues to Dawdle

THE introduction of an entirely new Neutrality measure to replace the proposals of Senator Pittman, and the prospect of a split in Congress over the latest recommendations of Secretary of state Cordell Hull and President Roosevelt on the question of isolation, have created the impression that Congress probably will do nothing on the matter at the present session. According to a message by *United Press* on May 25, a move has been made to adjourn the present session of Congress in six weeks, which, if carried out will prevent the enactment of any legislation except pressing domestic issues concerning tax reform and other matters having a direct bearing on the national election. Since the national conventions of the Republican and Democratic parties will be held a year from now, politicians naturally have these factors in mind and any action taken is inevitably considered from the standpoint of its possible bearing on the political fortunes of the two major political groups.

The direct bearing of developments in America's foreign relations upon domestic politics intimately concerned with the outcome of the next national election, was indicated recently when allegations were circulated that another world war "would re-elect President Roosevelt for a third term," thus breaking a precedent established at the very beginning of the American nation when President Washington refused to accept the nomination for a third term. Republicans and isolationist Democrats opposed to the President immediately exploited this statement with the object of creating the impression that the President's recent efforts on behalf of European peace constituted unwarranted "meddling" in the affairs of other nations and were likely to involve the United States in war.

The new Neutrality measure, consisting of a proposed amendment to the present Neutrality Act, has been introduced in Congress by Senator Guy M. Gillette, Democrat of Iowa. The draft provides for export of all kinds of commodities, including actual war supplies and raw materials vital in warfare, free of all restsrictions both in peace-time and war-time, with the sole proviso that the President would be empowered to designate war zones within which American citizens and American vessels should be permitted to operate only at their own risk. It was thought that this would prevent American trade from becoming entirely stagnant in war-time and at the same time would not totally exclude American trade from areas where war is in progress. It also was thought that such a revision of the present Neutrality Act would indicate clearly to the totalitarian states that in case of war, the United States would give the Democratic states all the material aid they might require.

Chief interest was centered on a notable address by Secretary of State Cordell Hull, delivered in Chicago, hot-bed of isolationist sentiment, wherein the Secretary denounced national isolation as a "disastrous illusion...in this period when violence and the threats of violence haunt the world." It was generally realized that Secretary Hull's declarations had the full approval of President Roosevelt and embraced sentiments frequently expressed by him in recent months. Secretary Hull's address as reported by *United Press*, was as follows:

Chicago Tribune

"He wants us to put our left foot in hot water to take our mind off our right."

"These are perilous times in the lives of individuals and of nations," Mr. Hull said. "Violence and threats of violence haunt the world. Again, as unfortunately on so many occasions in the past, one of the most exalted aims of civilization and progress— the banishment of brute force as the arbiter of relations among nations—is being subjected to strident and powerful challenge. Within nations many long-established institutions and concepts of political and social organization are also being subjected to challenge; while economic difficulties, some of them unprecedented in character, continue to press for solution. Tonight I should like to discuss with you the bearing of the important phases of our international relations upon some fundamental problems which we face at home.

Hopes for Peace Dim

"Only two decades have passed since guns were stilled in the greatest armed conflict of history. At the conclusion of that cruel ordeal with its incalculable human, material and moral devastation, it was the passionate hope and desire of men and women everywhere that such tragedy should never again be re-enacted.

"It is appalling to contemplate how quickly and how widely the lessons of so recent a past seem to have been forgotten; how soon again the voices of national leaders are raised in several parts of the world in glorification of war and in deprecation of the blessings of enduring peace.

"Overwhelmingly men and women in every country of the world yearn today for a peaceful existence devoted to promotion of human welfare through increasing mastery of man over the forces of nature, uninterrupted and unretarded by recurrent catastrophies of armed strife. War is today an incomparably greater menace

to progress than it has ever been in the past. Responsibility without parallel rests therefore upon those national leaders who proclaim their readiness to employ the instrument of armed force for the attainment of their aims, and who thereby compel nations which are threatened by their actions to face the tragic choice of surrender or armed defense.

"The situation thus created contains the monstrous possibility that millions of human lives, as well as the substance and creative genius of the nations involved may again be sacrificed on the altar of military conquest. Even if the supreme disaster of war should be avoided, the gigantic waste of human energies and material resources involved in the widespread construction of armaments on the present scale must inevitably exact a fearful toll in general economic and social deterioration throughout the world. The result can only be to put many nations on drastically reduced rations of civilized existence for a long time to come.

War Not Inevitable

"We cannot accept the argument that because in the past many controversies among nations resulted in a clash of armed forces the scourge of war must for ever be an inescapable reality of international relations.

"In the face of difficulties scarcely less discouraging, men have successfully grappled with many of the great scourges by which they have been beset. Why should war—the greatest of these—be regarded as incapable of eradication?

"This is the season of the year when we in this country decorate the graves and monuments of our heroic dead. We honor those who fell in the various wars in which our nation has been engaged for the supreme personal sacrifice they made. But we shall be untrue to their memory if, in honoring them, we fail to make two all important resolutions: to be as loyal as they were to our country; and to spare no effort within our power to create conditions under which there will no longer be places on this earth for the kind of purgatory through which they had to pass.

"The sacrifice made throughout history in countless armed conflicts will have been wasted indeed if it does not serve as a constant reminder to all of us everywhere of the tragic cost of war for vanquished and victor alike; and of the desperate need, if civilization and progress are to continue, to find other and more constructive means of adjusting differences and grievances among nations. Such means of pacific settlement, tested both by reason and by experience, exist; their ultimate success is inevitable unless outworn doctrines of bygone ages are permitted to supplant concern for the welfare of human beings as the aim of statesmanship.

Problems Ahead

"Against this background of troubled world conditions, problems of the utmost gravity confront us in this country. Some of these arise out of our own domestic conditions; others grow out of our relations with other nations. The two sets of problems are in many vital respects interdependent.

"Their solution, as I have indicated on many occasions, requires the fullest practicable development of our domestic economy combined with appropriate policies in the field of foreign relations.

"I can perhaps best illustrate this interdependency by reference to some of the problems involved in the preservation and advancement of those things which we Americans prize as the basis of our way to life. Among those things there are two which in my opinion are fundamental and vital to all the rest.

"The first is that every citizen is entitled to a fair chance to earn a decent living for himself and his family, to give his children a good start in life and to face his declining years free from the spectre of poverty and want. In view of the resources with which this country is endowed, and of the great forward strides that already have been made, it is within our power to build a nation in which every citizen willing to work will be able to enjoy a rising standard of living and an adequate measure of economic security.

Freedom Essential

Second, the true ends of social justice can be achieved only in conditions of individual freedom under law through the operation of institutions of popular government. It is true that a measure of economic security is possible without freedom of the individual. But that is the security of serfdom. Even without its moral and spiritual degradation, this type of security is subject to enormous limitations in the degree of individual well-being which it provides. It leaves too little scope for the human spirit, for individual initiative, free enterprise, willingness to face risks and readiness to engage in voluntary cooperation for the common good. These are the most powerful motive forces of progesss; they are attributes of free men banded together in voluntarily accepted and self-imposed social discipline—not of men held by fear of brute force.

"This ideal is a distinctive part of our national heritage. Our country was reclaimed from the wilderness by men and women who sought to establish on its vast expanses conditions of life under which new pathways of progress would be blazed. The long American experience represents the fullest demonstration yet available that the welfare and security of the individual—and therefore the progress and well-being of the nation of which he is a part—are individually bound up with the enjoyment by every citizen of the greatest practicable measure of personal freedom under law, and of true equality of economic opportunity.

Long Process

"The process of attaining these objectives is long and arduous. In the course of our national existence, we have made marked advances in that direction. But each step forward brings with it new needs and new problems which must be met successfully if we are to advance. The manner in which a nation fulfils these needs is the true measure of its physical, intellectual, and spiritual vitality.

"Our great tasks in the past were in the spheres of physical settlement and of a search for means of multiplying our powers of physical production. These tasks we have largely accomplished. The initiative and labor of the pioneer have brought the art of civilization to every corner of the land. The ingenuity of the inventor and the techianicn, the enterprise of the business man, the industry of the worker and the farmer have created in this country a productive equipment thoroughly adequate to supply the present needs of our people and thoroughly capable of further expansion to supply our future needs.

Mr. Sam, Businessman!

Il 420, Florence, Italy

Mr. Sam—"Yes, we will make war on the totalitarian states. You will give men that cost you nothing, and I will give materials and munitions that you pay me for in hard cash, so it will be a good deal for us all."

"But these very developments have brought with them new complexities and new problems. Our economic structure under present conditions functions as a complicated and intricate mechanism.

"Our great task today is to perfect our social and economic organization to meet the increasingly complex conditions of modern life. For this, new types of cooperation and accommodation are required between region and region, between group and group and between individual and individual—for the greater benefit of all. New duties and new responsibilities are imposed upon our Government.

"We are determined that all these purposes shall be carried out by using to the full our traditional processes of popular government. As I have already stated, it is my firm conviction that all this cannot be accomplished except under conditions in which the individual will enjoy the greatest practicable measure of freedom under law.

Isolation Impossible

At a time when pressing problems confront us at home, it is sometimes thought that preoccupation with our country's international relations and with developments outside our frontiers is an unnecessary dissipation of national energy. From this plausible error, as much as from any other source, springs the advocacy of national isolation which is frequently heard in this country.

"There is no more disastrous illusion than the thought that a policy of national isolation would make it easier for us to solve our great domestic problems. The exact reverse is true.

"Great as are the material resources with which our country is endowed, they are not sufficient to enable us as a nation to meet the needs of our people on the level of well-being to which we aspire. Today we supplement our own resources by imports from abroad, some of which, like rubber, tin, manganese, though small in relative volume, are essential to the functioning of our greatest national industries.

"Some of the things we now purchase in other countries we can perhaps produce domestically, but at a much higher cost in terms of economic effort than is required for the production of exports with which we now buy these foreign products. For others we can develop substitutes of inferior quality and again at a relatively higher cost. Still others, we cannot produce at all, and if we do not import them we would have to do without them altogether. In each case the net result would be a decline of our national efficiency, and, consequently, an inexorable lowering in the level of satisfaction of our people's wants.

"By dispensing with imports we would necessarily lose foreign markets for our exportable surpluses. Those branches of our production in farming, mining, and manufacturing industry—which are now geared to an output in excess of what can be absorbed in the domestic market—would be forced into a drastic curtailment of their productive capacity. The resulting impairment of their capital investment would be a net loss to our national economy. Millions of workers would be deprived by the loss of foreign markets; they would have to be shifted into other fields of activity, or else be supported by public relief. Reduction of surplus producing branches of our national economic activity to the dimensions of the domestic market requirements would necessitate a long, painful and costly process of readjustment. All these burdens would fall upon the entire national economy. The result of the whole process would be to lower still further our standards of living.

"Readjustment would be an undertaking of such magnitude that it could not possibly be accomplished without far-reaching intervention on the part of Government, with dangerous social effects.

"Regimentation in practically every phase of national life would be the inevitable consequence. One need only to look at the experience of the new countries which have attempted to reorganize themselves on the basis of their partial self-sufficiency to realize what the character, scope, and results of such regimentation would probably be.

Domestic Difficulties Aggravated

"These would be some of the consequences of a policy of national isolation carried to its ultimate conclusion. Any move in the direction of isolation must necessarily have the same results in varying degrees. Far from facilitating the solution of our domestic problems, a policy of national isolation, or even a movement toward such a policy, would aggravate the very difficulties with which we are now confronted. It would, moreover, put into jeopardy precisely those insitutions of free enterprise and individual freedom, the maintenance of which alone holds a promise of success in solving our great problems.

"Some argue in favour of national isolation from another point of view—namely, that by withdrawing from normal relations with other nations we can insure for ourselves freedom from risk of embroilment in war. Here again the exact reverse is true.

"No country can insure peace for itself by merely proclaiming its desire for peace when there are in the world nations willing to challenge and fight other nations to gain by force what they covet. When such is the case, peace can be assured only at the price of abject surrender to the challenger. One would have to be blind to obvious facts to indulge in the belief that the existence of such potential international challengers is not today a stark reality.

"It is not through a policy of isolation but rather through supplementing our domestic efforts by playing our appropriate role as a member of the family of nations that we can hope to solve the problems which confront us today within our own frontiers. That role has two essential aspects.

"The first is concerned with the maintenance of world order under law as the sole effective instrumentality for the preservation of and application of enduring peace. Such a world order calls for acceptance and application by nations of certain basic principles of justice and fair dealing in civilized international relations, respect for national independence and sovereignty, scrupulous observance of international obligations, willingness to adjust all international disputes solely by pacific means. To the establishment of such a world order we can contribute by our own firm adherence to these principles; by using our moral influence to induce other nations to give them their adherence; by cooperation in all peaceful efforts to give practical reality to the application of these principles; by maintaining our strength and our courage to the end that no nation will be tempted to challenge anywhere our vital national interests.

Economic Relations

"The second aspect of our role in foreign affairs is concerned with the promotion of sound and healthy international economic relations as an indispensable foundation of world order under law and therefore of enduring peace. Today the well being of every nation increases in proportion as its citizens have peaceful access to the resources of the world rather then merely to those within its own frontiers. Such access is possible only through mutually beneficial trade, and through all those other innumerable international relationships which have already enriched so magnificently the lives of individuals and of nations. Without such access, all nations would be compelled to dissipate their efforts and substance in a hopeless struggle for shrinking economic opportunity.

"To the promotion of such international economic relations we can contribute by facing squarely the fact that they are indispensable to the well-being of our own country and of every country; by ourselves giving them practical application through policies such as those embodied in our Reciprocal Trade Agreements Program, which has already demonstrated its effectiveness as a powerful instrument of action in that direction by being ready to extend our policy and action along every practicable line that holds a promise of strengthening the foundation of peace through mutually advantageous economic relationships among nations.

"The goal of an America such as I have envisaged—a country at peace within and without, in which all citzens will enjoy economic security under conditions of orderly freedom for the individual —may best be reached by a two-fold program covering both domestic and international problems.

"Concentration on one to the exclusion of the other—whichever of the two we might choose—could not by itself bring the desired results. Action on both fronts is essential. The means of action on both fronts are at our disposal. Our task is to use them with vigor and determination, with clear thought, with faith in our ability to win through to our desired objectives."

NEUTRALITY PROPOSALS

Prior to his Chicago address, Secretary Hull made several specific recommendations pertaining to neutrality legislation, which were thought to indicate the Administration's intention to actively press for enactment of definite neutrality legislation in the present session of Congress, even though it might have the effect of keeping both houses in session through the summer months. The following versions of Secretary Hull's recommendations were carried in *United Press* and *Havas* Services:

United Press

1. Elimination of the existing arms embargo.
2. New legislation prohibiting American ships from entering combat areas to be defined and designated by the President.
3. Restriction of American citizens seeking to travel in combat areas.
4. Re-enactment of the expired "cash and carry" policy on the sales of war materials to belligerent nations.
5. Continuation of existing legislation regarding American loans and credits to foreign Powers.
6. Regulation of the collection of funds in the United States for belligerent nations.

Havas

1. American vessels be forbidden to sail into zones affected by hostilities, no matter what cargo they carry. American citizens also should be restricted in their travels in such zones.
2. Title-deeds and other documents of ownership should be given over to the foreign purchasers before merchandise destined for belligerent nations is exported.
3. Present legislation governing loans or credits to belligerents should be maintained.
4. Requests for funds and collections in favor of belligerents should be regulated.
5. There should be established a committee for the control of munitions exports and a system of licensing all exports and imports of arms.

Japanese Start Paper But I. N. S. Didn't Arrive

THE Japanese decided, several months ago, to "beard the British Lion" at that animal's most impregnable Far Eastern lair—Singapore. They decided to perform this process, not by military methods, as in China, but by "cultural propaganda," or, to be more specific, by starting a newspaper in the English language. Since Japanese "cultural propaganda," which crops up in various forms over the world, has its origin in the so-called "Department of Culture" in the Tokyo Foreign Office, we presume the *Singapore Herald* had a similar inspiration.

The new paper, widely advertised, was scheduled to receive the dispatches—not of *Reuters*, or *United Press*—but of *International News Service*, which is owned by none other than William Randolph Hearst. Singapore, or at least the foreign part of Singapore, predominantly British, braced itself for a shock which might, conceivably, destroy the usefulness of the great Naval Base. First, a Japanese newspaper in English; second, Hearst's news service! It was almost too much, this combination of Japanese journalistic culture and Hearst.

The first issue, published on April 12, promised that on the following day, the *Herald* would contain the dispatches of *International News* and *King Features* giving real information about Mussolini and the rape of Albania and other thrilling developments on the Mussolini-Hitler front. The issue of April 13 appeared—but no *Hearst Service*—instead there was an announcement which read somewhat as follows:

> "At 3:30 p.m. today, just a few minutes before going to press, no cables had been received from *International News Service*. Thus the *Herald* is forced to publish its second issue with no INS late flashes as was promised . . . Local offices of INS said mechanical difficulties were responsible . . . this morning a cable was received from New York headquarters reading, 'Very sorry but forced to discontinue immediately service to *Singapore Herald*' . . . No efforts are being spared to discover the reason for the contradictory cables from the London and New York offices . . . This is the first time we ever had difficulties of this nature . . . a complete investigation is being made and a complete statement will be made as soon as the facts can be ascertained . . . we wish to apologize . . . "

For some reason Shanghai subscribers to the Japanese cultural effort at Singapore have not as yet received their papers, possibly due to the action of the Japanese censors who had not been apprised of the nationality of the journalistic enterprise. We are therefore in the dark as to whether the next day's issue contained *Hearst*. According to a report in the *Straits Times*, the Japanese "cultural" propaganda drive at Singapore also included distribution gratis of an English-language news service known as *Eastern News* which purported to give the real facts about developments in the Sino-Japanese War, particularly about battles on land and in the air. The service was made up of reports picked up by Japanese ships and delivered at Singapore when the ships docked there. But some reports were also received by telegraph, despite high tolls. The British authorities had refused the Japanese permission to establish a radio station.

The *Straits Times*, which reflects British official opinion, expressed the fear that the Japanese newspaper "might weaken the allegience of the Malay population to the British Crown." The paper, according to *United Press*, was regarded as the sequel to a statement by the Japanese Consul-General at Singapore that "there was a lack of understanding in Malaya of the Japanese point of view and Japan's intentions in Asia."

The editor of the *Herald* is Y. Hasegawa, who received his education in the United States. The staff includes an English journalist, formerly of London, whose name was not given in the report. The report in the *Straits Times* declared that it was "beyond doubt, that the Japanese Government was keenly interested in the new newspaper."

New Medical Partnership Formed in Shanghai

Two well-known groups of physicians in Shanghai, Drs. Dunn and Nance and Drs. Jackson and Partners, have organized a new firm which will be known as Drs. Jackson, Dunn and Partners. According to the announcement, the new partnership will include, W. S. Parsons, M. D., C. M.; F. T. Ranson, M. B., B. CH., F. R. C. S. (Edin.); L. McGolrick., M. B., B. CH., M. R. C. P.; J. Gray, M. A. ,M. D., M. Chir. (Cantab), F. R. C. S., T. B. Dunn, B. S., M. D.; D. W. Nance, B. S., M. D.; F. D. Nance, B. A., M. D.

The new firm will be located in new offices as soon as space can be arranged, according to the announcement. At present Drs. Dunn and Nance have their offices at 51 Canton Road while Drs. Jackson and Partners are at 27 Peking Road. The new group will include two men specializing in Internal Medicine, three Surgeons, including Dr. Gray, who was research surgeon at Lester Institute; one Genito-Urinary specialist, one Pediatrician and a Chinese practitioner specializing in Orthopedic (bone) ailments. The Chinese member is Dr. C. Y. Yih, B.Sc., also of the Lester Institute.

Bishop Paul Yu-pin's Visit to American Catholics

(Newsweek, N. Y., May 8)

Much has been made of the fact that Generalissimo Chiang Kai-shek, his wife, and many of his advisers are devout Protestant Christians, and that the Protestant movement has made much progress in China. Few Americans realize that of all China's 4,000,000 Christians, nearly three-fourths are Roman Catholic; that these have 130 bishops, 30 of them native-born; or that one of the most powerful men in China is the Catholic Bishop of Sozusa and Vicar Apostolic of Nanking, the Most Rev. Paul Yu-pin. Bishop Yu-pin is not only a church hierarch but a deep-dyed Chinese patriot. Born a Manchurian and a Confucianist 38 years ago, converted to Catholicism at 13, schooled and ordained in Rome, he donned the black-and-scarlet robes of a bishop and Nanking's Vicar Apostolic when he was only 35. But the handsome, 6-foot prelate soon again quit China and returned to Europe. With Pope Pius XI's blessing, he canvassed the Continent, roundly denouncing Japan's attack on China and appealing for help.

By the time he was ready to resume his duties in Nanking, the Japanese had captured and wrecked the city. Bishop Yu-pin dared not show his face in this or any other enemy territory. Instead he joined Chiang's National Political Council and the China Relief Commission.

Last week the busy Bishop was in the United States, touring up and down the land not as a Catholic prelate but as a relief commission agent, pleading for funds and a boycott of Japanese goods. Leaving his Washington headquarters, he had already visited New York, New Orleans, Baltimore, and Philadelphia—where Mayor S. Davis Wilson delighted him by putting his name in lights on the City Hall. Next comes a swing through the Midwest, then a trip to the Far West.

In fluent English, Bishop Yu-pin painted a dismal picture of China's immediate future. Unless they get help from the Occident, he said, 30,000,000 Chinese face starvation this summer. Nevertheless, Chiang's armies still scorn surrender, for they believe that, "if China gives up, then democracy is doomed."

Catholics need have no qualms about aiding the Generalissimo, the Bishop advised. Japanese propaganda to the contrary notwithstanding, China is not Communist. As proof the Bishop cites (1) unanimous endorsement of Chiang by all 130 of China's Catholic Bishops and (2) his own mission as an official government envoy.

Also visiting the United States in the interests of war relief is Chang Shan-tse, 58, generally regarded as China's No. 1 painter, whom Bishop Yu-pin converted to Catholicism last December. He plans to exhibit 100 of his works—most of them studies of tigers—at the New York Fair.

Journalistic Complication Over Politics of Egypt and Iraq

The German Legation in Cairo has protested to the Egyptian Government over the expulsion of a German correspondent, Paul Schmitz, and has demanded an explanation. The Egyptian authorities alleged that the action was taken because of an article which Schmitz had written for the *Neues Wiener Tageblatt*, which dealt with the relations of Britain and Egypt. The Germans, however, alleged that the action was taken because of a protest by Correspondent Schmitz against assertions contained in a *Reuter* dispatch which referred to the death of King Ghazi of Iraq. It was claimed that the disturbances which broke out in Mosul, after the King's death, leading to the murder of the British Consul, "had been fomented by the agents of a certain foreign power—Germany." Schmitz had protested against this story, according to *Transocean* report from Berlin, and this had led to his expulsion by the Egyptian Government. R. A. Butler, Under-Secretary of Foreign Affairs at London, denied, in the House of Commons, that the murder of the British Consul had any connection with a foreign power according to the Berlin report.

Gold Still Flowing Into United States

Gold from various parts of the world continues to pour into the United States, it was announced in Washington last week. Gold imports for the week ended May 19, a Treasury report said, totalled $86,365,218, of which $5,469,540 came from Japan. Among others, Great Britain exported gold to the value of $61,075,427, the Netherlands $9,408,821 and Canada $3,120,427 to the United States.

Hitler Makes First Approach to Moscow as Stalin Exploits Enmity of Rival Coalitions

AT the time of the European crisis last September, one fact which stook out sharply on the international scene was the isolation of the Soviet Union. In the conferences and consultations which led up to the Munich Agreement, the Moscow government was ignored by the "democratic" statesmen of Great Britain and France with an ill-disguised contempt which matched the less veiled hostility of the totalitarian states. The unfolding sequence of events since Munich has completely reversed this situation. As these lines are being written the world is awaiting with keen expectancy a speech which Soviet Foreign Commissar V. M. Molotoff is to deliver before the All-Union Congress of Soviets in Moscow. In this speech, Molotoff is expected to define the foreign policy of the Soviet Government and to convey the answer of Moscow to the latest Anglo-French proposals for a tripartite military alliance. In other words, the diplomatic initiative in European affairs has passed largely into the hands of Dictator Joseph Stalin. By a strange concatination of circumstances, the Soviet Government, contemptuously shunned but a few brief months ago, is now being ardently courted by the "democracies."

It was hardly to be expected that Britain and France would be left free by Nazi Germany to pursue this courtship unchallenged. The Wilhelmstrasse has been intensely active these past weeks, bent on countering and disrupting what is described as the "encirclement policy" of Prime Minister Chamberlain and Premier Daladier. Through the first stages, Nazi diplomacy maintained an eloquent reserve regarding the Anglo-French-Soviet negotiations, because there was no apparent need for active intervention. Moscow declined to accept from the democracies anything less than an outright military alliance, with full reciprocal obligations on the part of all signatories. Britain was reluctant to accept the sweeping commitments thus involved and at various stages it looked as if the whole scheme would fall through. French pressure alone kept the negotiations going. Finally, last week, it was intimated that Britain had conceded Moscow's demands and it began to look as if a full-fledged military alliance was about to be concluded.

At this stage, the democratic courtship of Soviet Russia was converted into a triangular love affair. Nazi Germany actively entered the contest for the hand of the Kremlin dictator. This was done by way of an inspired editorial which appeared in the *Westdeutsche Beobachter* on May 26, on the eve of the transmission of the latest Anglo-French proposals to Moscow. The significance of this editorial, cabled to Shanghai by the German *Transocean* agency, but "overlooked" by agencies serving the interests of the democratic powers, was apparently lost on the local daily press. The *Shanghai Evening Post & Mercury* failed to publish it. The *China Press*, which depends on *Reuters* and *Havas* for its European news, didn't get the story. The *North-China Daily News* and the *Shanghai Times* buried it on their inside pages.

YET this editorial, published in a comparatively obscure Nazi newspaper, may prove to have been a decisive turning point in European diplomacy. It represents Hitler's first open bid for Stalin's hand in an endeavor to destroy the "encirclement policy" to the completion of which Britain and France have been bending their almost undivided diplomatic efforts in recent weeks. To make sure that its true significance as a firm approach to Moscow would not be missed in the Kremlin, the editorial was prefaced with the statement that it was receiving the greatest attention in Berlin, "since it is taken for granted that the article not only expresses the views of the paper, but has been inspired by highest quarters." From this point on we quote the *Transocean* version in full:

What Chamberlain Would Advise if he Were on Speaking Terms with Hitler

Tribune, London

"Go East, young man, go East."

"The essence of the article is the contention that Germany has no aggressive designs on Soviet Russia and that there does not exist any dispute between the two countries. Fighting Bolshevism in Spain, National Socialist Germans acted in pursuance of their ideals, but in doing so they did not touch the Soviet state. It is not the business of National Socialism to make war on any other country because it has a different ideology.

"The paper then recalls that the Soviet Union has not shown much eagerness to join the Anglo-French encirclement front and assumes that the reason for its hesitation is the principle of Soviet policy explained by M. Stalin on March 10, that the Soviet Union wished to consolidate sober and matter-of-fact relations with all countries. It therefore wishes to pursue a policy of security only.

"Declaring that the German-Italian alliance pact had been the consequence, not of the policy of the Soviet Union but of the democratic countries' policy of encirclement, the paper states that Germany had always considered economic relations with Soviet Russia desirable and this opinion was in no way altered by the fact that at the present moment trade with the Soviet Union was not as developed as it could be. The territory of the Soviet Union was too immense to be left out of account.

"The paper then goes on to point out that many struggles which all through history Germany had had in Eastern Europe had never been extended beyond the Russian frontier. With

countries situated between Germany and Soviet Russia—the first among them being Poland—Germany might have disputes to settle, but Soviet Russia would only be affected by them if she should adhere to the Anglo-French policy, which was opposed to revision.

"Concluding, the paper emphasizes that the Anti-Comintern Pact was not directed against the Soviet state but only against Bolshevism extending beyond the frontiers of Soviet Russia. It would only become an alliance of states directed against another state or states if Bolshevism were carried beyond the frontiers by soldiers. However, if such a situation should arise, it would be the work not of Moscow but of the British Empire."

The implications of this article—which dissipates completely the popular notion that there is a fundamental and irreconcilable antagonism between the government of Stalin and the government of Hitler—are too plain to need emphasis. It now remains to be seen whether there will be a totalitarian marriage between Stalin and Hitler, or a "morganatic" marriage between Stalin and the democracies. It is not unlikely that Moscow will seek to drag out the negotiations with London and Paris while simultaneously conducting parleys with Berlin.

⁂

THERE has, as yet, been no evidence of any response by the Kremlin to the Nazi overtures, which, incidentally, have heightened the anxiety of Britain and France to conclude an alliance with Moscow with the least possible delay. But this does not necessarily mean that there has been no response. Kremlin diplomacy, like diplomacy everywhere, is conducted secretly,—in the dark, especially where vital issues are at stake. Certainly, a firm economic agreement with Germany would be of tremendous advantage to Soviet Russia, even more so if backed by a non-aggression pact. In this connection, we may recall the statement made by W. G. Krivitsky, former head of the Soviet Military Intelligence Service in Western Europe, which appeared in our issue of last week. Said he: "When the great myth of the Hitler-Stalin feud is exploded and the story of their relations is traced in their true light, the facts will show that Stalin has, since the death of Lenin, been the first among the Soviet leaders to favor close cooperation with Germany. If one can speak of a pro-German in the Kremlin, Stalin has been that figure all along."

A Soviet-German agreement would also yield enormous advantages to Nazi Germany, in both the economic and political spheres. Russia could be a huge market for the products of German industry, which in turn could draw on Russia for needed raw materials and foodstuffs. Such an exchange would relieve the tremendous strain to which Germany's straitjacketed economy is now subjected. In the political sphere, a Nazi-Soviet understanding would give Hitler practically a free hand to "settle" outstanding differences with Poland and to extend Nazi hegemony in southeastern Europe and, perhaps, into the Baltic states.

This would mean, in the long run, added peril to Soviet Russia. Stalin doubtless realizes this, but if an agreement with Hitler will ensure his realm against Nazi attack for, say, five years, that is something he could not gain by lining up with Britain and France. It would, however, be decidedly ironical if Stalin and Hitler were to shake hands after the Kremlin dictator has executed the best of the Red Army generals and most of his old comrades on charges of "conspiring with Nazi Germany."

⁂

IN normal, tranquil times states do not as a rule boast about their expenditures on armaments. On the contrary, they find it expedient to discover virtue in the smallness of such expenditures. Thus, when the Moscow government announced last week that this year's budget allocations for the Soviet armed forces totalled 40,800,000,000 rubles, an increase of 40 per cent over the 1938 figure and 300 per cent over the 1936 figure, it clearly desired to impress upon the outside world the value of having Soviet Russia as an ally. Since Berlin, on the one hand, and London and Paris on the other, are likely to be equally impressed, it may be assumed that each camp will be anxious to insure that Moscow does not become the ally of the other. And this seems to be precisely the Soviet diplomatic strategy at the present time: to play the democracies against the totalitarian states and, when the game can be played no longer, to make a deal with whichever offers the most attractive terms.

A Diplomatic Map of the Old Continent

Tribune, London

One thing could spike the Soviet chess game—a deal between Hitler and the democracies. But that seems to be a very remote possibility. Britain and France are not in a position to make Hitler any attractive offer. Moscow is aware of that fact. So is Hitler. And so the merry diplomatic tussle is likely to go on until it reaches its natural limits.

⁂

IF, indeed, Soviet-Nazi rapprochement becomes a fact, and Moscow finally declines to be drawn into the orbit of the democratic "encirclement policy," the effect on the Far Eastern situation will be far-reaching. Japan will be left completely isolated, for Italy counts but little in the Far Eastern situation, while Germany, because she is Soviet Russia's most powerful neighbor, counts for a great deal. With its hands untied

in Europe by an agreement with Hitler, Soviet Russia would surely adopt a sterner policy toward Japan in the Far East and Dai Nippon would find herself compelled to tread very warily out here.

During the past week, inspired press dispatches have contained threats that Japan will join the German-Italian military alliance if Soviet Russia enters a military alliance with Britain and France. But what will Japan do if Soviet Russia, instead, makes friends with Nazi Germany? That is a much more interesting question. In such an event, perhaps, Japan will join up with Britain and France. This is not at all impossible, for Britain and France would then have sound reasons for *rapprochement* with Japan. But it will be a bad day for China if such a thing comes to pass.

F. G.

STUPENDOUS JAPANESE-MONGOLIAN AIR BATTLES AS TOLD BY DOMEI

BORDERLANDS of countries where rigid censorship prevails can be made, almost at will, the scene of battles which never occur except in the fertile imagination of the propagandist. This thought is provoked by the *Domei* reports from Hsinking, Manchukuo capital, early this week, which claimed that 59 Soviet-built military planes, out of a flight of 100 machines, were downed by Japanese fliers in two furious aerial battles which took place on the Manchukuo-Outer Mongolian frontier in the vicinity of Nomonhan, east of Lake Buir.

According to the *Domei* messages, telegraphed here directly from the Japanese Kwantung Army headquarters, one battle in which 17 Russian planes were brought down, with no losses on the Japanese side, occu rred in the period between May 20 and May 27. The other report, alleging that the Japanese downed 42 "Soviet-built" planes, was received in Shanghai on Monday, May 29. It stated that this battle occurred on Sunday, May 28, and the claim was made that the Japanese lost only one plane, with the aviators escaping by parachute in Manchukuo territory.

The aerial battle was described as the climax of a ground engagement between Japanese and Outer Mongolian forces in which the latter sustained "annihilating losses" after invading Manchukuo territory with such modern armament as tanks. The Japanese air force, "vastly outnumbered" by the invaders, suffered merely the disabling of one machine and even this lame duck managed to land on Manchukuo soil without cracking up.

All in all, a mighty impressive battle, one would say. But why did the Japanese *Domei* agency report it only through a Kwantung Army Headquarters communique issued in Hsinking? Why was there no report from Tokyo on a battle of such dimensions, a victory so lustrous? Why, too, was the matter referred to in great detail by the Army spokesman in Shanghai at a regular press conference as if to impress foreign correspondents—who, incidentally, get the *Domei* news service—that a battle had in fact taken place? Was this not an extra precautionary measure to make sure the story was cabled abroad, even though nothing about it had appeared in the Tokyo press?

Just to pose these questions is to make the whole story look decidedly fishy. But it looks fishier still in light of the fact that Moscow, whose planes were allegedly shot down, has been as silent as the grave about the whole matter. The Soviet *Tass* agency has never been known for remissness in reporting border clashes with Japanese or Manchukuo troops. Surely they could not have overlooked a regular battle in which they lost 59 fighting planes!

A little reflection will show that Japan has good reason for trying to show that, militarily, she is not down, much less out. Nazi Germany, Japan's principal partner in the anti-Comintern Pact, is doubtless skeptical these days concerning Japan's effectiveness as a Far Eastern ally against the Soviet Union, for Japan has frittered away much of her power in the China war, of which the end is not yet in sight.

The growing weakness of Japan might well be a factor which would influence Hitler to make a deal with the Soviet Union, and that would leave Japan completely isolated in the world. In this situation a spectacular victory over Soviet air forces—of the kind which *Domei* reported this week—would be useful propaganda for Japan. The story has been followed, incidentally, by *Domei* reports summarizing Japan's great military accomplishments in China since the hostilities began, giving figures of Chinese killed and wounded, munitions and equipment captured, etc.

We don't say the great aerial battle never took place, but we are frankly suspicious, having regard to the above-mentioned circumstances. True or not, the story is good Japanese propaganda—unless and until someone explodes it.

A neutral military observer, familiar with the situation on the Manchukuo-Mongolian frontier, who was asked for an opinion on the aviation battle, as described by *Domei* and the Japanese military spokesman here, suggested the possibility that there had been a serious clash and that the Japanese had been defeated. He said, "Remember how the Japanese claimed a victory in the fight at Changkufeng on the Korean border—also remember how many times the Japanese have completely destroyed the Chinese air-fleet—and also remember how many times the Chinese army has been bottled up, dozens of divisions at a time, only to discover later on that the Chinese had succeeded in 'slipping away, to fight another day!'"

U. S. MERCHANTS DETERMINED TO CONTINUE IN CHINA

TWO years of Japan's "undeclared" war resulting in restrictions and interference not experienced since the World War two and a half decades ago, have not shaken the determination of American merchants to continue their activities in China. Although Japanese aggression has produced unparalleled confusion in China's foreign and domestic economy, resulting in vast losses for businessmen of all nationalities, there is little or no evidence that American merchants will withdraw from participation in the commerce of this country.

The determination to "carry on" despite losses and irritations in order to be able, later on at the conclusion of the conflict, to assist the Chinese people in rehabilitating their country, was the outstanding feature of Foreign Trade Week observed by the two American Chambers of Commerce in Shanghai last week. The most significant development of the week was the announcement at the annual Trade Week dinner at the American Club on Friday evening, May, 26, that the U. S. Maritime Commission plans shortly to begin construction on several new liners which will be the largest, finest and speediest ships on the Pacific. The announcement was made by E. T. Johnson, U. S. Maritime Commissioner, who will be permanently stationed in the Far East. Mr. Johnson said that while the old Shipping Board, formed during the World War, was an emergency measure, the present Maritime Commission is a permanent institution devoted to continuous development of American shipping and commerce.

Three new ships, each ranging from 40,000 to 45,000 tons, are shortly to be constructed for Pacific trade and travel, according to Mr. Johnson's announcement, which was supplemented this week with an announcement from the Shanghai Passenger Office which quoted Commander Howard Vickery, special assistant to the chairman of the Maritime Commission as to details of the new ships. Preliminary plans, according to Commander Vickery's statement, indicate that the new vessels will have not less than 24-knot speed and will gross between 40,000 and 45,000 tons, with displacement between 34,000 and 37,000 tons. They will be larger than the "America" now under construction on the East coast at a cost of U. S. $17,000,000. The ships will have accomodations for more than 1,000 passengers. Originally it was planned to build three new ships similar to the President Coolidge, but this has now been abandoned in favor of three deluxe superliners which will cost U. S. $20,000,000 apiece. The Coolidge cost U. S. $8,000,000

in 1930-1931, but probably would cost U. S. $11,000,000 to duplicate today.

A further element of encouragement regarding the future was a statement by Charles K. Moser, Far Eastern expert of the U. S. Department of Commerce at Washington. Mr. Moser predicted that the United States will gradually regain its commercial power in the Orient, despite Japanese activities. In the Philippines the United States was "more than holding its own" in competition with Japan, he stated. Mr. Moser admitted that the Sino-Japanese conflict had "dealt a terrible blow to American trade both with China and with Japan, particularly with Japan where the decline had been 17 per cent from the preceding year."

He also called attention to the fact that the Japanese "were having a difficult time of it," due to rising costs of production in a war-strained economy. Japan's attempt to develop independent sources of supplies for raw materials she now purchases in the United States, "is only a dream," according to Mr. Moser, who said that the passage of time probably will restore to American traders the free commercial access to the Far East and Far Eastern markets

Japan Loses One Cargo

The British freighter Temple Bar foundered off Quillayute, Wash., on April 9, after striking a rock. The ship was carrying a cargo of scrap iron to Japan. All of the crew, totaling thirty-six, escaped without injury.

which formerly prevailed. Analyzing the effects of the war on American-Chinese trade, Mr. Moser cited figures indicating that exports of American products to China in 1938 were valued at under U. S. $35,000,000, smallest recorded since 1916 and a decline of 30 per cent from 1937 and of nearly 26 per cent from 1936. Even more significant, he said, was the change which had taken place over those months in the relative position of the United States as compared with other countries participating in China's trade, both imports and exports. Every year since 1930, the United States held first place, until 1938 when Japan seized first place as a result of her military aggression. In 1937 the United States sold China 20 per cent of her total imports against 16 per cent from Japan. In 1938 the U. S. share was only 17 per cent while Japan's participation in China's imports had advanced to 24 per cent.

Mr. Moser thought that time would tend to adjust the situation, doubtlessly meaning that Japan's artificial advantage, due to military monopolization, probably could not be permanently maintained. Merchants who are impatient regarding present developments should remember, in Mr. Moser's opinion, that the United States has traded with China over a longer period than with any other nation, for more than 150 years, in fact throughout the whole life of our republic, and that this trade had been conducted in full equality with others and without limitations imposed by any that are not shared by all.

"However irritating the present inconveniences or curtailments in our trade activities, it is inconceivable that the people of the United States will not, in the long run, carry on their trade in that area as freely as they have in the past, and as unhampered as any other people." Mr. Moser continued.

"One may be forgiven for being vague about just how this will be brought about. It may be through one's capacity to hold on longer to a given situation than one's opponent. It it conceivable that Japan may, as a result of present economic policies fostered and enforced by her military hegemony, lose the advantageous price position she has held hitherto in her export markets—particularly in those coommdities for which she has to import the raw materials.

"Already, we are informed, manufactures of iron and steel in Japan's domestic market are higher priced—in some instances much higher—than the prices of similar, even superior, products in the United States. Or, what will Japan's military-managed economy do with its hordes of highly-paid munitions workers, when the need for expanding munitions has passed? We read in the Japanese press that the highest paid munitions workers are now earning nearly Y.10,000 per year, which is much larger than a Cabinet Minister's annual salary.

"Whatever may be the outcome of the present conflict, will not both China and Japan still need to supplement their own limited capacity for the production of heavy industry goods by the purchase of considerable quantities of ours?

"It may be, indeed, that the character of our trade with those countries will change; that China aided by Japan, will succeed in fostering the culture of a longer staple, American type cotton, or American type tobacco, or develop petroleum and timber resources sufficient to make both countries independent of the United States. But these are ambitions, still in the dream stage, along with the astronomical figures of capital investment in Japanese-fostered new industries in China that are reported to us from day to day.

"The reality of these ambitions is still a long way off; and even if they should be ultimately achieved, may it not be that either through the participation of goods, or capital, or management, or portions of all three, the United States may share at least as importantly as hitherto in the economic development of both countries?"

Admiral Harry E. Yarnell, in the course of an address at the concluding dinner function of Foreign Trade Week, said that he couldn't imagine the isolationists causing the United States to "withdraw" from the Far East. He declared, "if the isolationists did have their way, one might well imagine a situation where a Japanese "Commodore Perry' proceeded to the U. S. Coast with his fleet and opened us up in far more drastic manner than was the case when our Admiral Perry visited Japan and opened that country to international commerce and relations." Admiral Yarnell declared that America's best interests had always been served and protected by strong, independent Asiatic states. The Nine-Power Treaty, in the Admiral's opinion, is a dormant, rather than a "dead" issue. With an adequate merchant marine and a strong navy the Americans need have no fear of the future prosperity of their trade.

The U. S. Consul-General C. E. Gauss, and Assistant Commercial Attache A. Bland Calder, spoke on trade tendencies, both showing that a revival is in progress both at Shanghai and internationally, despite present disturbed political conditions. The Ambassador, Nelson T. Johnson, spoke on the increased interest and understanding of home Americans in developments in China and elsewhere as stimulated by radio and news reports.

Dr. W. W. Yen, former Premier and Ambassador to the United States and the Soviet Union, declared that China could not become prosperous and economically independent without industrialization, the only way to eliminate widespread poverty and unemployment, which he estimated at 50,000,000. He said that the world had nothing to fear regarding China's industrialization, because China could only buy as she sells in the world's markets. China will need both capital and technical skill in her reconstruction and industrialization program. As a final condition for China's prosperity there must be peace and order. He said that it was nothing short of a miracle that there was any trade left, but after the war and destruction had passed and China was again master of her own house, there would begin a long period of reconstruction and development in which China would become a real world market and a contributor to the prosperity and happiness of the whole world.

The Foreign Dinner was attended by a large number of local Chinese businessmen and bankers. Among the guests was Dr. Sao-ke Alfred Sze, former Ambassador to the United States, who is now residing in Shanghai, devoting himself to relief work.

Among the interesting talks delivered during the week was that of Horace Smith, head of the Commercial Department of the U. S. Consulate-General, who spoke at the Rotary Club on the subject of Reciprocal Trade Agreements, which have been an outstanding feature of American State Department policy in the present Administration. Mr. Smith analyzed the law and described the progress which had been made in negotiating agreements with most of the leading nations. A. Bland Calder, Acting Commercial Attache, also talked at the Rotary luncheon.

Wang Ching-wei's Schemings Exposed by Press

WANG Ching-wei, deposed Kuomintang deputy chief executive, whose alleged activities and movements have aroused so much speculation lately, again made headlines last week, when he became a subject of several reports from Chinese, German and Japanese sources. Whether or not these reports had any basis in fact, it was significant that they all tended to confirm the general suspicion that Wang is intriguing with the Japanese in an attempt to sabotage Chinese resistance and create a new puppet regime with himself as the head.

While not divulging the source of its information, the Chungking press gave prominence to a report that Wang arrived at Shanghai from Hongkong in the second week of May aboard the Italian liner *Conte Rosso* and from Shanghai, proceeded to Japan by air, accompanied by Kao Tsung-wu, notorious pro-Japanese politician and formerly a high official in the Ministry of Foreign Affairs in Nanking. However, there was no confirmation from any source that Mr. Wang was in Shanghai as alleged.

Visits Premier Hiranuma?

The report alleged that upon arrival in Japan, Wang called on the Japanese premier, Baron Kiichiro Hiranuma and was received by the Emperor. While the details of Wang's reported conversations with Japanese officials were guarded as a close secret, it was surmised that they were concerned with plans for the formation of a new united regime in opposition to Chungking. It was also claimed that Wang had succeeded in establishing direct contact with the Nanking puppets and was trying to win over the Peiping regime in support of his scheme.

To further his activities in Shanghai, Wang is said to be publishing a periodical called *Kengsen* (Rebirth) and to be organizing a "People's Mobilization Alliance."

However, apparently all is not going well within Wang's camp and there are indications of serious dissension. Greatly disapproving Wang's activities, Chen Kung-po, his chief henchman and former minister of industries, is stated to be contemplating issuing a formal statement, denouncing Wang's policy and announcing the severance of relations between himself and Wang.

Reports appearing in the Chinese press in Shanghai concerning Wang's activities tended to substantiate the Chungking disclosures, but diverged in details. According to the *Shun Pao*, Wang is alleged to be in Shanghai, staying at the Kiangwan residence of Mamoru Shigemitsu, erstwhile Japanese minister to China, having removed there from the Broadway Mansions. Recently, it was stated, Wang expressed the wish to visit Tokyo, but the Japanese government has not yet acceded to his request. Anxious for the early creation of a new puppet central government, Wang is said to have intimated to the Japanese that he would be willing to serve as a No. 2 puppet, should the Japanese insist on the selection of Marshal Wu Pei-fu as the chief puppet.

Peace Body Said Planned

Meanwhile, according to the *Tao Pao*, Wang is actively planning to organize a so-called "World Peace and Anti-War Association" under Japanese inspiration with headquarters at Shanghai. As its name indicates, the proposed organ, scheduled to be inaugurated some time this month, will be devoted to the task of promoting world peace and friendly relations between China and Japan, with the view to bringing the present hostilities to an early conclusion. To be headed by Wang himself, the organization will have branches in Peiping and Tientsin, which will be under the direction of Kiang Chao-chung and Chin Yun-pen, respectively. The Japanese are said to have set aside a substantial sum to finance the activities of the new organ, but its exact amount is unascertainable.

Allegedly well supplied with funds from revenues derived from the gambling dens in Shanghai and Canton, Wang's agents are not only conducting widespread activities in Shanghai, but also in Hongkong. Under the guise of a "People's Mobilization League," they are planning to launch a "peace" movement throughout the country.

Chinese circles in Shanghai attached considerable significance to a German *Transocean* report from Berlin, stating that Wang Ching-wei is actively promoting the formation of a "new Chinese government which will be willing to talk peace with Japan." The report, which was apparently based upon authoritative information gathered by the Shanghai correspondent of the *Frankfurter Zeitung*, asserted that it is freely admitted in circles close to Wang that the latter has been conducting negotiations with Japanese representatives. The correspondent also stated that Wang was contacting the Peiping and Nanking regimes, but his chief follower, Chen Kung-po, however, disagreed with his plans and activities.

In an article in the May issue of the magazine, *Gaiko Jiho*, Katsusaburo Kajiwara, a Japanese writer, while denying the secret agreement between Wang Ching-wei and Japan as reported in the Chinese press recently, expressed full approval of Wang's anti-government activities. He reiterated the threadbare argument that the object of Japanese military operations in China is not to conquer that country, but to emancipate it and to construct a "New Order" in East Asia. For this reason, he urged, Japan should give every assistance to Wang, in order to enable him to establish a new government friendly to Japan. Claiming that Wang still commands a following in the Kuomintang, the Japanese writer, however, deplored the fact that Wang lacks both military and financial power. If Wang's peace movement is to succeed, he further stated, substantial support has to be given him by Japan. According to the Japanese writer, the relations between Gen. Chiang Kai-shek and Wang are beyond the possibility of reconciliation and Wang will have to carry on his anti-Chiang activities under any circumstances.

Indicative of the failure of the existing puppet organizations in Peiping and Nanking to command any respect in China or abroad and Japan's desperate eagerness to establish a new united regime in opposition to Chungking, was a report from Peiping stating that the Japanese war minister, Gen. Itagaki, is planning to visit Peiping shortly and personally to urge Marshal Wu Pei-fu to emerge from retirement as the head of the projected administration. Gen. Kenji Doihara, hitherto Japan's master intriguer, is said to be losing out with the War Office as a result of his failure to induce Marshal Wu to lead an all-China peace movement.

Soldiers on March in Kweiyang

Photo by Mary Fei

Picture shows Chinese soldiers marching through a city gate at Kweiyang, capital of Kweichow province. The walls are plastered with anti-Japanese propaganda, while above the gate is a huge poster depicting a united China throttling the Japanese imperialists.

The Japanese in Peiping have inaugurated a campaign for the elimination of "dangerous thoughts." This difficult task largely devolves on the shoulders of the puppet officials connected with Peiping's Ministry of Education. "For the purpose of changing the thoughts of the youth, who have been influenced by Kuomintang education, and of increasing their knowledge of *Hsin Min* (New People under the Japanese) principles," the education ministry is to hold training classes of high school and primary school instructors, so that the thoughts of the youths under their care may be "purified."

Moscow Sold Story

Percy Chen, son of the former foreign minister, Eugene Chen, received mention in Shanghai's Japanese press. Percy is alleged to be receiving from the Third International a monthly allowance of $150,000, which he is authorised to distribute as subsidies to different Chinese and English papers in Hongkong, the only exception being the *Hwa Nan Jih Pao* (Wang Ching-wei's organ) because of its

advocacy of "peace."

According to another Japanese report, Gen. Wu Te-chen, formerly mayor of Shanghai and governor of Kwangtung, has been commissioned by Gen. Chiang Kai-shek to publish a new paper in Hongkong called the *Central Daily News*, with Tao Pai-chuen (a former Party official in Shanghai) as manager and Pan Kung-chan (formerly Commissioner of Education of Shanghai) as editor.

Shanghai had another assassination (May 27), the victim being Ku Ming, 40-year-old Japanese appointed magistrate of Yangchun district, Northern Kiangsu.

League Rejects China Plea

China emerged from last week's meeting of the League Council neither better nor worse than before. As anticipated, the Council confined itself to an expression of concern over China's predicament and a reaffirmation of its previous resolution, recommending member states to aid China "individually and as much as possible." Dr. Wellington Koo's eloquent appeal for the application of sanctions against Japan and more substantial material and financial aid to China, fell completely on deaf ears. China's request for the appointment of a committee to investigate the bombing of civilian populations by Japan was also rejected. The extent to which the League had been influenced by the Anglo-French appeasement policy was well indicated by the failure to reiterate its resolution, condemning aerial bombardment of civilians in China.

The Chinese press in Shanghai expressed disappointment at the failure of Great Britain and France to support China's appeal, but urged all those countries which have the greatest interests in the Far East—including Britain, France, Soviet Russia and the United States—to extend individual and parallel assistance to China so as to stabilize the Far Eastern situation. The papers observed that the weak stand of the League and its failure to enforce its past resolutions had not only encouraged Japan in her invasion of China, but also led to brutal changes in the map of Europe. Deploring the "appeasement" policy and "ostrich" diplomacy practised by certain European powers, the Chinese journals asserted that such measures could only abet the Japanese aggression and further expose the Powers' Far Eastern interests to Japanese encroachment.

Appeasement in Asia

Commenting on reports of the imminent conclusion of an Anglo-French-Soviet Mutual Aid Pact, the *Tao Pao* stressed the impracticability of Prime Minister Chamberlain's appeasement policy in the Far East. In the early stages of the Anglo-Soviet negotiations, the journal recalled, Soviet Russia proposed the extension of the pact to include the Far East, but the proposal was rejected by Britain. Why? Because, as pointed out by the *Manchester Guardian* though its appeasentment policy has failed in Europe, the British Government still intends to apply it in the Far East.

The application of such a policy in the Far East, the *Tao Pao* said, will not only fail to bring about a fundamental understanding with Japan, but will only invite Japan's contempt. It will not only involve British concessions to Japan, but Britain's sacrifice of China, just as she has sacrificed Czechoslovakia. However, the journal emphasized, China is not Czecho-Slovakia and it is not within Britain's power to sacrifice China in order to appease Japan. Mr. Chamberlain's appeasement policy in the Far East so far has resulted in nothing but a violent anti-British movement in Japan and the Japanese-occupied areas in China.

Discussing the significance of the Japanese threat to blockade the China coast, the *Morning Post* pointed out that the aim of the Japanese blockade is not to prevent the transportation of war materials to China but to interrupt American and European trade with China. Since the fall of Canton, the journal said, war materials for China have been imported by two routes, namely from Soviet Russia, via Sinkiang, and from Burma, via Yunnan. If it is the intention of the Japanese to prevent war supplies from reaching China, they should blockade the Indian Ocean, instead of the China Sea. It is plain that the Japanese blockade in the China Sea can have only one objective: to prevent British, American and French commerce with China.

China's determination to continue unabated her efforts against the drug evil

Inspects Fukien Defenses

Gen. Pai Chung-hsi, famous Kwangsi commander and Chief-of-Staff of Gen. Chiang Kai-shek's headquarters, lately visited Fukien to inspect the defenses of the province. He is seen here (in uniform) visiting the Fukien Christian University at Shaowu, Fukien, accompanied by Dr. T. S. Cheng, Dean of F.C.U. (foreground), and Chang Ch'an, Magistrate of Shaowu (extreme left).

was stressed by Dr. Victor Hoo at the recent meeting of the League of Nations' Opium Committee. "In spite of the war, the Chinese Government is more than ever determined to wage a merciless campaign against this plague, especially since military service makes the struggle against drug abuse an absolute necessity. Drug consumption is the most terrible enemy of national resistance," Dr. Hoo asserted.

Describing the appalling state of things prevailing in the Japanese-occupied areas, Dr. Hoo declared that opium-smoking is openly encouraged in such areas and the invaders evidently aim at the poisoning of the Chinese people, in order to weaken Chinese resistance.

An appeal for American assistance to China in her resistance against Japanese invasion was made in a radio broadcast by Foreign Minister Dr. Wang Chung-hui, speaking on the occasion of the second annual conference of the China Branch of the International Peace Campaign. Reviewing the results of China's resistance in the past 22 months, Minister Wang said that Chinese resistance had completely upset Japan's original plans of a war of quick decision. Dr. Wang pointed out that it is evident that Japan is determined to exclude Western interests from Asia. Any help extended by America and the other Powers to China in the form of material assistance and the application of embargoes and reprisals against the aggressor nation, he argued, will help to prevent their interests in the Far East from being further encroached upon by Japan. The war in China would possibly have been terminated by now, Dr. Wang declared, had Japan, from the outset, been denied supplies of war materials from the democratic countries.

Chungking Nails Canard

"Canard" was the term applied by an official Chungking spokesman to the Japanese report alleging that Sir Archibald Clark Kerr, the British ambassador, during his recent visit to Chungking, presented a memorandum on the Sino-Japanese conflict to Gen. Chiang Kai-shek, containing, among other things, the following points:

1. That, in view of the principles underlying the League Resolutions on China, the Powers were prepared to mediate, but that they would not object to direct Sino-Japanese negotiations if such were found desirable.
2. That the Powers were not opposed to economic cooperation between China and Japan.

The spokesman described the report as a pure fabrication designed to confuse public opinion on the Far East.

Guerrilla Activities

Activities of Chinese guerrillas behind the Japanese lines were warmly praised by Chou En-lai, Chinese "communist" leader, who just returned to Chungking after an extensive tour of guerrilla areas in Kiangsu, Chekiang and Anhwei. Describing the guerrilla operations as the strategy of "making the Japanese rear the Chinese front," Gen. Chou declared that after six months of "mopping-up operations" the Japanese had not only failed to eliminate Chinese guerrillas in their rear, but the number of the guerrillas was becoming steadily larger and their position gradually strnoger.

Miss "Golden Flower" Tsai, former bandit leader in Lake Taihu, is today China's patriotic Amazon warrior against the Japanese. Made a full colonel by an order of Chungking, she is now commander of some 1,500 tough, daring and experienced guerrillas who are playing havoc with isolated Japanese garrisons in the Taihu region. In a recent engagement, a detachment of her warriors wiped out 87 Japanese and brought back for her a "collective" gift in the form of captured ammunition and food- stuffs.

A Japanese report alleging that Gen. Chen Yi, chairman of Fukien, had been arrested by Chinese military authorities was officially denied in Chungking. The report was described as absurd, as Gen. Chen enjoys full confidence of the government and his loyalty is "absolutely umimpeachable."

Another Japanese report alleged that Gen. Sung Cheh-yuan, former fcommander o the 29th Army, whose troops first clashed with the Japanese at Lukouchiao in July, 1937, was now an invalid at Yangso, in Kweichow Province.

New Minister of Interior

Chow Chung-yao, member of the Yunnan Provincial Government, has been appointed minister of the interior, in succession to Gen. Ho Chien, who has been transferred to the post of Chairman of the Pensions Committee of the Military Affairs Commission.

By order of the National Government, the Opium Supression Commission, now at Kweiyang, capital of Kweichow, was to be removed to Chungking on June 1.

Nippon Writer Advocates Sale of Guam by U. S.

BY MASANORI ITO
Director of The Japan Times & Mail
(Translated from the "Nippon Hyoron" for May, 1939)

UNDOUBTEDLY one of the most noteworthy events in the history of Japanese-American relations was the action of the United States Government in placing at our disposal the American cruiser *Astoria* to bring home the ashes of Mr. Hiroshi Saito, former Ambassador to Washington, because the action taken by that Government was based on the conviction that friendly relationship between the two countries constitutes an essential part of American national policy. It is, therefore, only reasonable that Japan should respond to this American gesture in the same spirit. And the present writer takes this opportunity to bring forward his cherished view as to the future of Japanese-American relations, chiefly in connection with the disposal of Guam, in order to appeal to the leaders of public opinion in both countries.

As long as Japan and the United States are pitted against each other across the Pacific, each with its superior strength and importance in its own sphere, Guam will remain an obstacle in the way of friendship between the two countries, because this tiny island amidst the Pacific may at any moment prove a real cause of a Japanese-American war, depending on what policy the United States will adopt towards it. When in 1917-20, the relations between the two countries were much strained, the Washington Naval Treaty was concluded to tide over the crisis. But with the termination of this treaty in 1936, has come a new age of free competition in armaments. And the question of Guam has inevitably been brought to the fore.

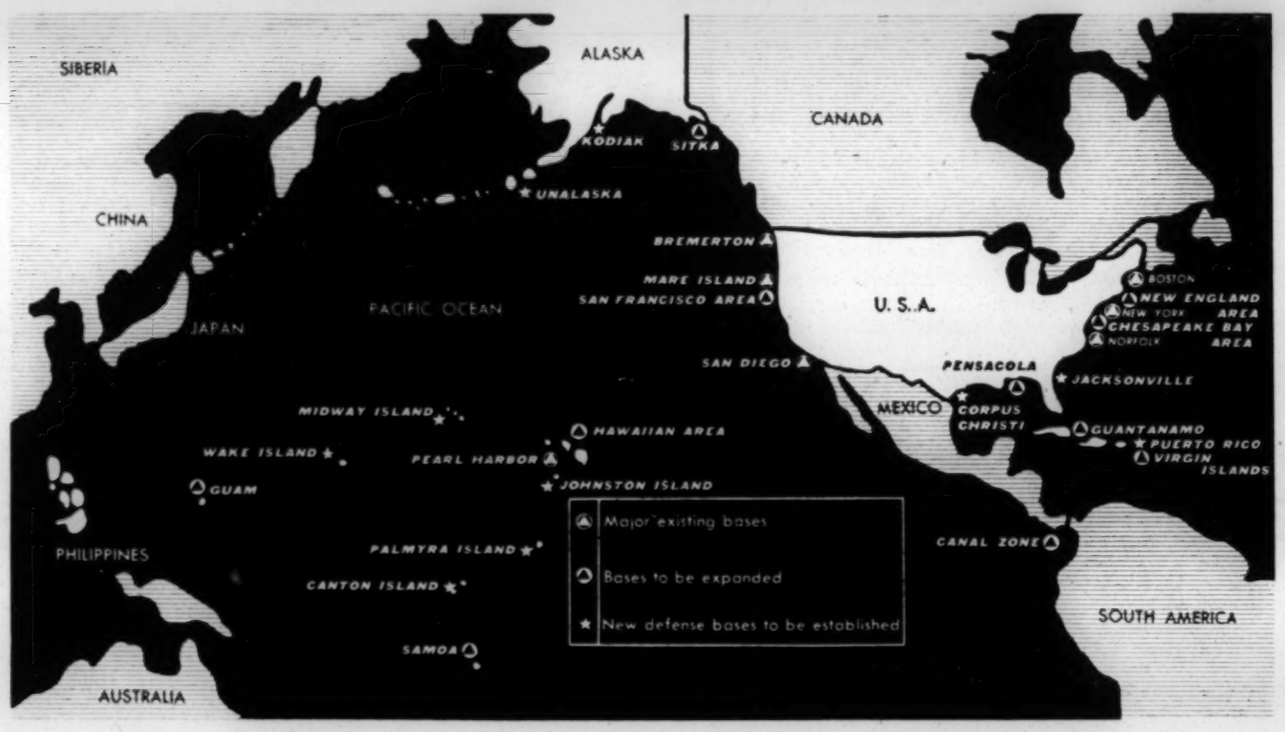
Fortification Plan Furore

It was last May that the present writer advocated the disposal of Guam first in the columns of the *Chugai Shogyo*, a Japanese daily, and then in the *Oriental Economist*, a monthly magazine issued in English, so as to appeal to the organs of public opinion in the United States. But all it earned was universal disapproval, the *Chicago Tribune*, for instance, going the length of declaring that the United States had no intention at all to sell its territory to another country. Early this year the proposed fortification of Guam threw the two nations into a ferment of excitement, when for the second time the present writer approached the American public with the proposition. This time it was rewarded with a very favorable response. The *New York Daily News* issued an editorial entirely in support of his opinion.

From both political and diplomatic standpoints, Guam has a great importance. What invites our foremost attention is the value of this island as a naval base.

As emphatically pointed out by Mr. Hector Bywater, the English naval expert, the entire destiny of the Philippines depends on the future of Guam, because if it should be fortified as a grand base of operations, the Japanese navy's occupation of the archipelago will become hardly possible, while on the other hand, in case it should be left unfortified, the Philippine Islands, isolated 5,000 nautical miles from Pearl Harbor naval base in the Hawaiian Islands, will be practically left at the mercy of the invading forces of the Japanese navy. In the American navy there have been traditionally two opposing factions as to the Western Pacific strategy in case of a Japanese-American war. The one advocates the pre-arranged abandonment of the Philippines and Guam, each located 5,000 and 3,400 nautical miles from Pearl Harbor, in case of emergency, in view of their vulnerability to the swiftly attacking Japanese fleets and the enormous defensive preparations required for them. The other, believing in the incompatibility of the loss of these detached territories with American national prestige, regards it as the requisite condition of a successful war against Japan to effect the powerful fortification of Guam.

Work Starts on New U. S. Aviation and Naval Bases



Life Magazine

The above map gives an adequate idea of the magnitude of the work involved in developing aviation and naval bases at numerous shore positions and islands in the Atlantic and Pacific Oceans, as provided in the Naval and Air Base Bill passed by both houses of Congress and signed by the President. According to report, the most important work will be at Unalaska on one of the Aleutian Islands where extensive works will be developed. Unalaska is said to be about as far from Japan as Japan is from the Philippines, an important element in the strategy of the Western Pacific. The appropriation for initiating work on these potential aviation and naval bases was approximately U. S. $70,000,000, which is about the cost of one battleship. The "nerve-center" of the new system of fortifications in the Pacific will be Pearl Harbor, Honolulu, said to be the ideal base, as it can accommodate the entire U. S. Fleet at anchorage. At present the U. S. Navy has seven major bases, Pearl Harbor, Bremerton, Mare Island, San Diego, Norfolk, New York, Boston.

Conflicting Strategies

These two conflicting strategic ideas have for about 40 years guided the American navy, alternately gaining in influence. In 1905 and 1917 the opinion in favor of the fortification of the island held sway over the opposing view, which after the Washington Conference regained its power over the former. But this year saw for the third time the opinion advocating the fortification of Guam gaining power.

On the essential question as to whether the harbor in Guam has the real qualities for a grand naval base which will support

the above-mentioned strategic view, the late Admiral Alfred Thayer Mahan's famous definition of the three conditions of a naval base, namely the location, the defensive power, and the resources, will throw an abundance of light.

Strategically speaking, the geographic position of Guam has its strong point as well as weakness. If this island is made the base of operations for the American naval forces, they can easily check the Japanese navy, by keeping its powerful force to the engagements around the island and by diverting at a convenient moment its main force to the sea for a decisive battle. But this strategic strong point of Guam is only one side of the question. Lying at a point reached by a bomber in seven hours and by a destroyer in 24 hours from Japan, this island is open to attack by the Japanese forces with a far superior replenishing power. Fundamentally, its weakness lies in its location 1,350 nautical miles from Yokosuka and 3,400 nautical miles from Hawaii.

A Tiny Coral Island

As for the resources, it is a tiny coral island with an area of 225 square miles, 30-odd miles in length and 10 miles in breadth at the widest part, which is extremely meager in resources. There is no mineral deposit at all. All the military supplies must be stored up for emergency, and among other things, fuels essential for a naval base must also be kept in the island on an extraordinarily huge scale.

It is true that the defensive capacity of Guam is by no means small, considering the strategic value of Apra Bay and the natural features of the interior. But in order to give full play to the defensive power, it requires a large-scale construction work, including the dredging of the bay and the construction of batteries at the mouth of the bay. To what extent, then, can the island be fortified by these huge works? And what will those fortifications contribute towards the Pacific war between Japan and the United States?

The proposed fortification of Guam may be effected in two ways. The one is to fortify it as a strategic port, as an advance base; while the other aims at its fortification as one of the principal naval bases. The former is a plan employing submarines and airplanes as its principal forces and with the destruction of Japanese trade and the diversion of the Japanese squadrons as its main objectives. It is based on the strategy to pre-arrange the abandonment of the base in the course of war. Some 50 million yen will be sufficient for the construction of such a base as this, but it will never hold out long before the Japanese attack.

Viewed in this light, Rear-Admiral A. J. Hepburn's plan to reinforce Guam with an expenditure of 5 million dollars will be after all futile. But no one can deny that such reinforcement will be repeatedly carried out in the future. If the American navy desires to stand effectively on the defensive against the Japanese forces and to press them hard at this island, it requires to have, at least, the following fortifications: (1) Construction of the Apra fortress with 16-inch guns; (2) arrangement of stationary and movable high-angle guns at several points; (3) disposition of an artillery and an air force at least at two places of landing other than Apra Bay; (4) construction of a dock, a repairing factory, and a warehouse of war materials in the Apra Harbor; (5) construction of a large underground warehouse of provisions and munitions; and (6) construction of barracks for 30,000 men and an air base proof against bombardment.

If Guam has been fortified in this way, it should deservedly rank among the first-rate bases of operations with the three conditions defined by the late Admiral Mahan. For the construction of this impregnable naval base Admiral Hepburn demanded some 80 million dollars, while Admiral William D. Leahy estimated the expenditure at 200 million dollars, which corresponds to 700 million yen. Even if this may be a little over-estimation, it is reasonable to imagine that some 400 million yen will be required to carry out the enormous works in the island in the midst of the Pacific. It is, however, very problematical whether the American citizens will approve such lavish expenditure over this tiny island, even if they may be the richest nation in the world. Moreover, it remains unknown if the result of the painstaking works extending for many years will really come up to the general expectations.

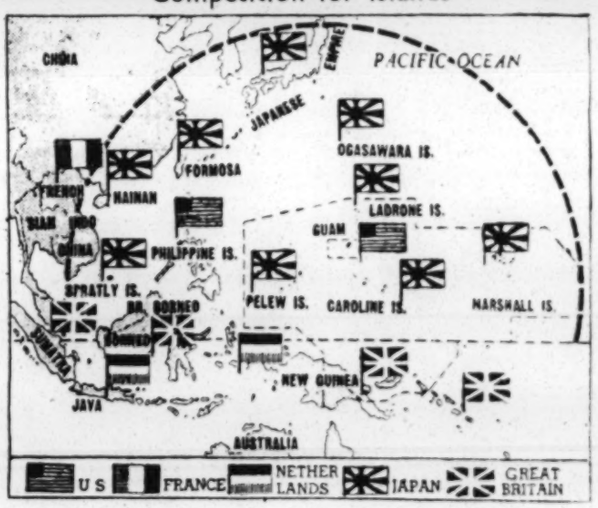
Fortress Not Invulnerable

Even this great fortress will not be invulnerable from the desperate attacks jointly offered by the Japanese naval, army, and air forces in order to obtain the command of the Western Pacific. As a matter of course, the Japanese forces will sustain heavy loss, but compared with the serious blow given to the United States—the loss of the territory, the national prestige, and the important base of operations together with the enormous sum of money spent over it, it is next to nothing. If the United States had not this island from the first among its territories, to be thus fortified, she would have no chance to meet with such tragedy.

But a real danger of the armed conflict between the two countries lies in the course of the construction works of the fortification, because Japan will in all probability not be able to connive at the great menace thrust under her nose. It is also imaginable that the fortress of Guam will be completed without giving rise to war, but in this case it is certain that this impending menace will become a constant source of enmity of the Japanese against the Americans. All things considered, it is more than clear that from the fortification of Guam there is nothing to gain for both countries. If after its fortification the two countries should some day come to really peaceful terms with each other, the first thing they must do to guarantee the friendly relationship is doubtless the evacuation of this enormous fortress which is obviously and directly aimed at Japan.

From the standpoint of diplomatic policy in general, it is reasonable to consider that such a great preparedness as the present one should be inseparably connected with, and carried out in accordance with, the definite international policy of the United States. In this connection, the American policy towards Guam may be considered in more than one way. As the guarantee of the independence of the Philippines the United States may assume the responsibility to fortify Guam as the strategic point to guard against Japan; she may claim the necessity of the fortification of the island as the advance base to check the supposed southward advance of Japan; she may place importance on the fortification to provide against possible armed clash with Japan which may assume a policy to shut out the United States and other countries from the Asiatic continent; or she may consider the preparedness of Guam in connection with the antagonism between the democracies and the totalitarian States, which may drive the two countries into war in the Far East.

Competition for Islands



Chicago Tribune

Within the half circle are nine Japanese islands or groups of islands which are in close proximity to two American possessions, the Philippines and Guam, and which are on or near routes to several British and Netherlands islands. A United Press report from Amsterdam early this week said that Japanese southward expansion and the possible withdrawal of the United States from the Philippines in 1946 were prompting the Netherlands Government to strengthen defenses in the Netherlands East Indies and that a bill would be presented to Parliament to authorize construction of at least three 25,000 or 35,000-ton battleships for the East Indies Fleet.

Japan's "Peaceful" Intent

But all these are only imaginary and not at all realistic. Japan harbors no intention to conquer another country's territory; what she intends is to act up to a peaceful intercourse with other nations. Politically, there is nothing to support the fortification of Guam; from military standpoint, it is a highly risky task attendant with enormous sacrifices; and in the light of normal diplomacy, it is a great error, since it can be likened to a mine laid at the entrance of one's peace-loving neighbor.

Indeed, the position of Guam is delicate, as its half-way fortification is next to futile, and its defensive preparations in a great scale are beset with many difficulties. The only and most reasonable solution to this question is for the United States to sell it off to a neighboring country. If Japan is to buy it, she has good reasons to do so. Besides its economic value, she will be able to remove, through its purchase, the impending menace from the route between the Bonin Islands and the South Sea Islands under the Japanese mandatory rule. But the best of the reasons is undoubtedly the removal of a cause of unpleasant trouble standing in the way of friendly relations between the two Pacific countries. By the disposal of Guam, therefore, the United States will secure the same advantage with Japan.

The effect of the American cruiser *Astoria* on the Japanese-American relations as the means to convey the friendly sentiment of the United States Government towards this nation depends on how we respond to it. It is for this reason that the present writer has taken up this opportunity to advocate the disposal by America of Guam as a means to regulate their relations in a rather fundamental manner.

The First National Production Conference in China

BY C. Y. W. MENG (孟昭洙)

BESIDES holding military conferences to discuss measures of defense and counter-attack, the Chinese leaders in the rear were holding, from May 7 to 13, another conference of equal importance to the nation to discuss national economic policy and national reconstruction. This "National Production Conference," as it was called, was the first of its kind ever held in China.

"The National Production Conference is just as important as a military conference, because there are two main tasks before us, namely, to resist the invader at the front and to maintain production in the rear, declared Generalissimo Chiang Kai-shek. "Militarily," the Generalissimo continued, "we must readjust our armed force and build up a new one. The same thing is true of national production: we must make readjustment so as to build up a modern national defense industry. A modern nation is one which is economically self-sufficient, capable of producing whatever it needs, and a nation which is armed."

Generalissimo's 6-Point Program

Production, in the opinion of the Generalissimo, is the key problem of national policy and the people's livelihood. China must, he declared emphatically, follow the industrial development plan of the late Dr. Sun Yet-sen. It must promote the people's economic reconstruction movement in order to reach the final goal of the Kuomintang revolution. In the course of his speech, the Generalissimo offered the following 6-point program to the Nation:

1. **Concentration of capital and expansion of production.**
2. **Concentration of all production around national defense during the period of military operations.**
3. **Expansion of native industries and making the nation self-sufficient economically.**
4. **Scientific and technical research and raising of the quality of production.**
5. **Carrying out of the National Thrift Movement and accumulation of wealth for national reconstruction, and**
6. **Cooperation between capital and labor and enhancement of factory discipline.**

Participated in by 167 representatives and experts, including the vice-ministers of Finance, Economic Affairs and Education, three delegates of the Ministry of Economic Affairs, one each of the Ministries of the Interior, Communications, Finance and War, the National Relief Commission, the directors of the Reconstruction Bureaux of the provincial governments, the deans of the agricultural and industrial departments of various universities and the presidents of the agricultural and industrial schools, this conference was one of the most important meetings of government officials, representatives of the people and experts to discuss the pressing problems facing China today.

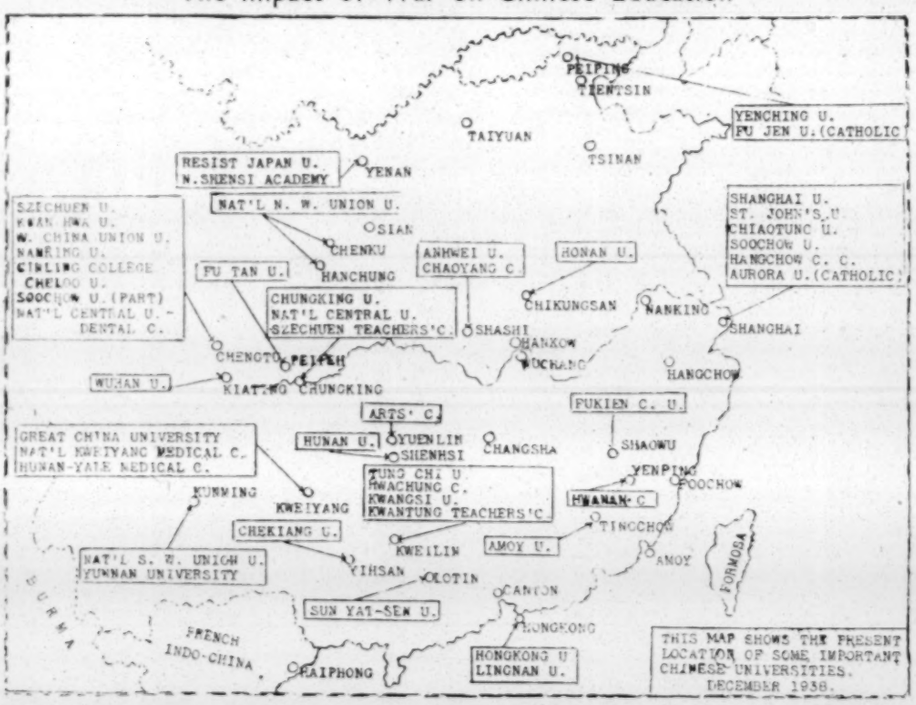
300 Resolutions Passed

Presided over by Dr. H. H. Kung, president of the Executive Yuan, with General Chang Chun, vice-president of the Yuan, Dr. Wong Wen-hao, Minister of Economic Affairs and Chen Li-fu, Minister of Education as vice-chairmen, the conference gave its full attention to the development of agriculture, mining and manufacturing industries, the adjustment of supply and demand during this period of war and reconstruction, the production and consumption of raw materials, transportation, and financial and technical problems. More than 300 resolutions calling for coordinated effort in the development and improvement of China's productive forces in the rear were passed. These resolutions touched upon every phase of production in the nation's interior, in the guerrilla areas, and in the war zones.

In addressing the opening session of the National Production Conference, Dr. Kung stressed the importance of the working out of a national production plan and the promotion of production work. China's wartime production, Dr. Kung pointed out, must be in accord with the needs of the nation in this time of emergency. Not only imports, but domestic production, too, must be restricted to daily necessities, commodities for foreign markets, and products for national defense. The import and manufacture of purely consumption goods and luxuries will be reduced to the minimum. Special attention will be directed towards increasing food production and the encouragement of the spinning and weaving industry. The production of such commodities as tung oil, tea, goatskin, and other products, for foreign markets, will also be encouraged to strengthen China's holdings of foreign exchange and to pay for necessary imports.

The geographical distribution of China's productive enterprises is to be reconsidered in the light of the war. The Southwest and Northwest will be the bases of national reconstruction in the future. Careful studies of raw materials, labor, and markets will be made in these sections of the country. All productive enterprises, whether government or private, are to be organized on a simplified, rational, commercial and democratic basis, according to the speaker. As to the capital needed for productive enterprises, China welcomes foreign investments to supplement her own funds. Efforts will be made to develop state capital as well as to encourage private investment. The appropriation of capital ought to be rational so that there will be no waste of any kind. The president of the Executive Yuan also emphasized the need for training skilled workmen and scientific foremen, considering them as the "pillars of production." Vocational schools, with special emphasis on practical field work, are to be established throughout the country so that there may be no shortage of personnel in the future, Dr. Kung concluded.

The Impact of War on Chinese Education



This map, drawn by Kiang Wen-han, and published in the "Chinese Christian Student" (New York) shows the present location of China's principal universities.

New Economic Policy

A close study of the manifesto subsequently issued by the Conference will reveal to us what are the "general principles" to guide China's national economic policy, and what are the steps likely to be taken by the government in the near future. The manifesto stated that a well-planned and well-organized production scheme, aiming at closer coordination between agriculture and industry and at increasing farm products for export *should be the agricultural policy of China.* It futher stated that the price level of produce of should be generally raised as an effective measure to increase production; rural transportation lines should be improved; terms of loans should be extended so that the farmers may have more capital to buy seeds, fertilizers and implements; rural cooperatives should be spread more widely in the country, and agricultural technical improvements should be emphasized. As to forestry, the conference urged that an efficient organization should be in charge of afforestation work, with a coordinated national program for the plantation of trees.

A Wartime Land Reclamation and Grazing Commission, concentrating its efforts in the Sikang, Szechwan-Sikang and Southwest districts should be organized by the Ministry of Economic Affairs, the National Resources Commission, the International Famine Relief Society and the National Relief Commission, said the manifesto. According to the plans of this Commission, all uncultivated land in Free China will be duly registered and divided among the refugees. A land reclamation and grazing bank will be established and a network of highways linking inland China with international outlets will be constructed. The new settlers in these colonies will be trained for armed self-defense and will possess their own farms outright like free peasants. Religion and education will be specially emphasized in the life of these colonists and no land taxes will be levied on their incomes during the first few years. Collective efforts will be focused on the organization of happy and contented rural communities and on the promotion of public enterprises so that China's human and natural resources may be fully utilized during wartime.

China is the most unevenly populated country in the world. But when this resolution is put in force, large portions of the uncultivated land will at once become useful and productive.

As to industry, the manifesto declared that a better-organized and more efficient structure is important to increase wartime production and that all heavy and basic industries having a bearing on national defense must be government-owned in accordance with the teachings of the late Dr. Sun Yat-sen and the policy of the Central Government. All other industries are to be privately-owned but will enjoy government subsidy and assistance. Particular attention should be given to the promotion of small industires, handicrafts and rural supplementary industries in order to stimulate prosperity in the vast interior. Not only did the program for increasing productive power in the rear receive unstinted attention at the conference, but detailed projects for organizing a stronger economic resistance in the war zones and in the guerrilla areas were also closely studied and approved by the delegates.

An Industrialized China

Another far-sighted resolution which will guide the economic policy of the government in future was one which stated that "if such factories (now being removed to the interior) would shift back to the seacoast when the war is over and that if such removal is not in accordance with the nation's policy for redistribution of industries throughout the country, the Government should withdraw its assistance from such plants in their removal back to the east." In the long run, it will be realized that this resolution will do much towards the national economic reconstruction.

Another important result of the conference was the common interest expressed by the delegates in the cooperative movement. All kinds of nation-wide cooperative enterprises, including agricultural and industrial producers' cooperatives, business cooperatives, banking cooperatives, insurance cooperatives and transportation cooperatives will be established to promote production under the direction of the Central Government. Meanwhile, the Chinese Industrial Cooperatives movement, which already has an impressive list of achievements to its credit, will be extended and an industrial cooperative bank, to be capitalized at $10,000,000, will be established under the supervision of the Association's headquarters in Chungking.

Last but not the least, in the sphere of communications, the conference made an exhaustive study of the development of cheap transportation lines in the interior. In addition to a decision that the network of international communication lines in the north and southwest should be completed as soon as possible, the delegates decided that small, light railroads be constructed; all existing highways improved, manual and animal labor utilized to the maximum and all waterways properly drained. It can be said that the first National Production Conference was the most successful of any conferences yet held. It adopted many practical resolutions which, when put in force, will transform agricultural China into an industrialized China.

Chungking, May 17, 1939

Kunming Post Office Destroyed by Fire

A fire of undetermined origin destroyed the offices of the Postal Administration at Kunming, Yunnan provincial capital, on May 22, according to a *Kuo Min* report. All the archives and the greater part of the accounts of the Administration were burnt, but fortunately the parcels department, located in a separate building, was not affected. An investigation is being conducted to ascertain the cause of the fire.

The Central Post Office in Shanghai announced last week that pending completion of necessary preparations, parcels in bulk destined for Yunnan, Kweichow and Szechwan will not be accepted for delivery. It had previously been announced that such parcels would be accepted between May 23 and 25.

Reason for the postponement, it was stated, was the accumulation of parcels in the parcel post department awaiting registration with the Customs authorities. Until this registration is completed, no further parcels will be accepted for delivery in the three southwestern provinces.

Why Shanghai Mail is Often Late

Accumulation of mail, incoming and outgoing, at the Kunming Post Office. The picture was taken prior to the fire referred to in the accompanying report.

Textile Industry in Shanghai Booming

BY A CHINESE CORRESPONDENT

SINCE the withdrawal of Chinese troops from the vicinity of Shanghai in the latter part of 1937, many cotton spinning, weaving, and dyeing factories have been continuing to show a rapid and steady improvement. Many new mills are being established, and many old ones are adding more machinery to meet the increasing demand for their products.

The destruction of many textile mills in the war zone, and subsequently the brisk demand for textile products, have temporarily boosted prices. The present prices of local Chinese manufactured textile goods are about 20% higher than those of the local Japanese products, due chiefly to the persistent Chinese boycott of the "inferior goods." This also helps the Chinese mills to make an unusual profit.

As the war is ravaging the whole country and most factories and mills in the interior have been either destroyed or temporarily suspended operations, practically all wealthy people over the country have flocked to Shanghai as a refuge, and consequently there is a surplus of working capital available in Shanghai, which is considered a safe field for investment for at least some time to come.

New Plant for Old Mills

The following is a list of old mills which have added new machinery:

	Spindles	Looms	New Machinery
Sung Sing No. 9 Mill	104,284	516	Combing plant
A.B.C. Underwear Co.		300	300 looms
Ewo Mills (British)	78,000	822	40 Dyeing machines 300 looms 10,000 new spindles
Hong Sung Dyeing & Weaving Mill			
Chang Sing Dyeing Mill			
Chen Fu Trust Co., Ltd. (Managing Sing Yue Mills Nos. 1 and 2)	53,160	504	10,000 new spindles
Yu Sung Dyeing & Weaving Company			Contemplated new spinning, weaving machinery

Hsin Chang Woollen Mill and the China Wool Manufacturing Co., which established mills in Shanghai since the hostilities, are both contemplating the construction of new mills. Besides those mentioned above, at least fifty or more small weaving and dyeing plants have been established or are being established in the Western district, most of the machinery being of local make. Mainly due to the high rates of foreign exchange, many types of small weaving and dyeing machines are being made locally and the cost is about one-third of the imported price. For instance, a plain loom can be manufactured locally at a cost of about $300 whereas a foreign make costs more than $1,000. Ewo Mills, according to reports, have just ordered 40 dyeing machines from a local Chinese iron works. It is the first time that a foreign firm has ordered Chinese-made equipment. Again, the A.B.C. Underwear Manufacturing Co. has added 300 new looms of local make to its existing plant. It is said that these local-made machines are working well, considering their low cost.

Most in Western District

Most of the new concerns are located in the Western district, along Connaught Road, Ferry Road, Gordon Road, Great Western Road, etc., where the ground rent is cheaper than any other district in the Settlement area and where communications are convenient. Some of these are located on leased ground and old premises of bankrupt or closed down industrial concerns. For instance, the China Wool Manufacturing Co. is now operating in the former premises of the Chung Hwa Industrial Association, on Brenan Road, and the Oriental Cotton Mill is operating in the former premises of the Chung Hwa Publishing Co. on Hardoon Road. Both the rent for premises and ground rent are unusually high. A cotton mill pays more than $5,000 a month for its rented premises. Little has been done to place the business on a permanent basis as conditions do not warrant the capitalists thinking of long-term investments. They expect to make sufficient profit to cover their investments in a short time. Practically all these new concerns build their premises of flimsy materials, which are much cheaper than modern reinforced concrete buildings. As a means of self-protection, many of these new plants are registered as foreign companies, while many are joint Sino-foreign concerns.

Profits High, Shares Rise

A possible barometer of the prosperity being enjoyed by the textile industry in the Settlement area is the net profit made by the mills. A Chinese mill last year made $9,000,000 and all the mills located in the Settlement area made over one million dollars. Ewo Mills made $8,000,000 last year. Since the beginning of last year the net profit on a bale of yarn manufactured has been from $50 to $150, and a loom can make a profit of $3 to $4.

The market for Chinese cotton mill shares was limited prior to the hostilities, but now these shares are in great demand. The shares of a Chinese mill located in the Settlement were once offered for $10 and still there were no buyers. The shares of the same mill today are quoted at $120 and there are few sellers. The shares of Ewo Mills were quoted at $7 per share at their lowest point prior to the hostilities, but now they are being sold at more than $20, or about three times higher than formerly.

The first of the following lists is of old cotton mills which are in operation:—

	Spindles	Looms	Mill site
Wing On Textile Co. No. 3	63,184	240	Markham Road
Hong Chang Spinning & Weaving Co.	34,538	440	Markham Road
Sung Sing No. 9	104,284	516	Amoy Road
Sing Yue No. 1	25,600		Soochow Road
Sing Yue No. 2	27,560	504	Robison Road
Sung Sing No. 2	57,000		Ichang Road
Tung Yih (British)	60,280		Mokansen Road
Zoong Sing (British)	34,000		Chapei
Kung Yih (British)	45,000	756	Robison Road
Ewo Mill (British)	70,798	822	Yangtszepoo
Yangtszepoo (British)	68,272	1,313	Yangtszepoo

	Spindles	Looms	Mill site
Oriental Textile Manufacturing Co.	16,000		Hardoon Road
China Textile Manufacturing Co.	26,000	300	Mokansen Road
China Cotton Mills Co.	15,000		Yenping Road
Hop Foong Spinning & Weaving Mill	5,000	150	Connaught Road
Pao Foong Spinning, Weaving & Dyeing Co.	10,000		Yenping Road
Tuck Foong Textile Manufacturing Co.	10,340	128	Connaught Road
Young Foong Cotton Mill	10,000		Great Western Rd.
Sing Sung Spinning & Weaving Co.	10,360		Tonquin Road
Shao Shing Cotton Mill	6,400		Robinson Road
Hip Kee Cotton Mill	2,600		Gordon Road

Prior to the hostilities there were 31 Chinese cotton mills in Shanghai including its suburbs, consisting of 1,237,068 spindles and 9,209 looms as compared today with 8 mills, including two registered as British concerns, consisting of 344,658 spindles and 1700 looms, or approximately 25%.

The second list is of new cotton mills in operation in Shanghai, which were formed since the hostilities, all equipped with either reconditioned machines or second-hand machines—or machinery was removed from the interior cities prior to the withdrawal of Chinese troops from Shanghai:

Only two of the ten mills above are registered as Chinese concerns, the rest being either registered as British or American companies or under sino-foreign management.

Shanghai, May 24, 1939

Tai Will be New Name of Siam From June 24

A movement to change the name of Siam to Tai was indicative of the new spirit of nationalism sweeping over the country, authorities in Tokyo declared this week in commenting on reports received by the Foreign Office from Bangkok, a *Domei* dispatch said.

It was recalled that Siam became a constitutional monarchy after a series of bloodless social upheavals. The new name will go into effect on June 24, seventh anniversary of the revolution of 1932 which resulted in the signing of a new constitution by the former King Prajadhipok establishing a limited monarchy, rights of franchise for the people and an elected Parliament called the Council of People's Representatives.

Use of the present name of Siam has been resented by young nationalist groups because the word means in the native language a "dependency."

The name Tai was adopted when the Tai tribe migrated from Nepal and Buhtan by way of Yunnan into the area which comprises present day Siam about 3,000 years ago. The new nationalist movement in the country is called Taiism.

A bill for changing the country's name will be introduced into Parliament prior to the anniversary of the revolution.

The Battle of Tungw'an—A Guerrilla Episode

BY C. J. WANG

THE Tenth Battalion of the New Fourth Army which had been fighting, almost ceaselessly, mobile battles with Japanese troops in southern Kiangsu for six months, had just recovered from languor after several weeks for recess and recruitment, and was ordered to launch an attack on the enemy.

It was the afternoon of Feb. 8, 1939. The faint light of the setting sun was shining upon this ill-equipped, gray-uniformed procession through the paddy fields.

"Comrades, don't forget the battle at Cheuyun, Kaochih, the Hsihpei Ferry, and the Hsinfen station, in which each of you played so brilliant a part. You may remember..." said the Commander, whose low voice silenced the many whispers and footsteps of his men.

Marching to the Attack

Night drew near. The thick pine forest on the hill-side gradually swallowed up the whole battalion, which was now closing in on Tungw'an, a Japanese strategical point which had long served as an antenna of Taiwansze, a more important Japanese point, southeast of Nanking.

When the battalion again emerged and came upon a running brook, they separated into two groups. Like sharp, speeding javelins they began to advance in the darkness. Behind were left two persons, the Commander and the Vice-Commander, both of whom wore captured Japanese overcoats.

Action started abruptly when the first seven reached a drab, mud-walled house. No sooner did the first Japanese sentinel give his alarm than a grenade exploded before the house. Then followed a shower of grenades.

Not until a window had been blown in could the Chinese guerrillas enter the house, in which machine-guns began tattoing. Three men climbed in.

Hand-to-Hand Combat

In this house were found fifteen Japanese soldiers, armed with eleven rifles and two machine-guns. In the surprise attack about half of them were killed lying on the ground. The remaining half withdrew to a courtyard where they awaited a desperate fight.

The three Chinese warriors rushed through two rooms without any obstruction and eventually reached the court where they engaged the Japanese soldiers in hand-to-hand combat. One of them, a young Szechwanese soldier, threw himself into a bayonet contest with three Japanese and soon fell prostrate on the ground. The Chinese were outnumbered when five more Japanese appeared on the scene, but all the Japanese were killed as soon as the Chinese were reinforced.

While the fierce clash was in progress in the courtyard, the fire of war was raging in other parts of the town. Some scores of Japanese, half resisting and half retreating, finally concentrated at the far side of a lake in the trench from which they did some excellent shooting.

The Chinese were only fifty meters from the Japanese position. At the order of the Commander, they began to stage an "oral" war. A Cantonese took the lead in shouting anti-war slogans in Japanese, and the others followed.

"Hand over your guns—we won't kill you".

The shouting lasted three minutes and then a song, also in Japanese, rose. It ran as follows:

"Japanese friends, we are all of the toiling class.

"Now is the time we should awake.

"Please lay down your guns and so will we.

"And you are welcome to join the New Fourth Army."

The singing stopped. But the war din was growing louder and louder.

The battle ended in a complete Chinese victory. But for two captured alive, all the Japanese, about fifty in number, were killed. Their corpses were strewn here and there with their arms.

When the battle broke out, the Japanese troops stationed at Tiawansze, upon receiving the alarm, rushed reinforcements to Tungw'an. Forty minutes passed and they reached T'saish'ou, three miles north of Tungw'an where another battalion of the guerrillas lay in ambush. They had waited very long, grenades in hand.

Reinforcements Ambushed

At a signal they sprang up and rained grenades on the approaching Japanese reinforcements. In the first second, at least thirty grenades were thrown. Of the seventy Japanese, at least fifty fell wounded. A period of desultory firing ensued. Some ten Japanese clambered up a hillock, only to be dispersed by the guerrillas later.

Next morning at dawn the great earth was all quiet again. The smell of powder had dissipated. The last corpse was removed The frightened civilians turned up. But Tungw'an will be the scene of more such actions.

New Fourth Army Harasses the Invaders

Above, left, Yeh Ting, Commander of the New New Fourth Army which troubles Japanese garrisons in the Lower Yangtsze region. Right, two battalion commanders of the same force. The lower picture shows typical guerrilla fighters of the New Fourth.

Refugees from Germany Are Gaining Foothold Here

According to a report in the Shanghai *Shopping News* for May 29, "Jewish refugees have opened thirty-two dress shops; twenty-nine cafes; six shirt shops, eleven hat shops, six beauty shops, fourteen men's tailor shops, nineteen grocery stores, one hundred ninety-four doctor's offices, three hundred seventy-seven small manufacturing plants, ninety two miscellaneous small retail shops, five jewelry shops, four pharmacies, one pawn shop, two laundries, one sausage factory and given uncountable headaches to downtown business people pestered by peddlers."

In further comment on the subject of the refugees, the paper said, "Enterprising European refugees have populated the Hongkew area to no mean extent and it looks as tho' the Nipponese might be eased out of their newly-acquired domain. . . . at least, as far as retail business is concerned. Between a Japanese storekeeper and a Viennese storekeeper the former is licked before he starts."

Japan Imposes Virtual Blockade of China Coast; Powers Consider Action

JAPAN LANDS ADDITIONAL NAVY FORCES AT AMOY

Japanese naval reinforcements of undisclosed strength were landed at Amoy on Wednesday of this week. The naval spokesman in Shanghai said that this action may have been a response to the action of the British, American and French authorities in landing naval forces in the International Settlement of Kulangsu. Anti-Japanese propaganda in Kulangsu, he said, was similar to that existing in the International Settlement and French Concession at Shanghai.

WHILE the excitement caused by the Japanese occupation of the International Settlement at Kulangsu, and the subsequent action of the United States, Great Britain and France in landing there forces equal to those of the Japanese, tended to calm down during the past week, the Japanese naval authorities have acted to increase international tension in the Far East by announcing the imposition of a virtual blockade of a section of the China coast.

The nine ports closed to shipping by fiat of the Japanese navy are Haimen in Kiangsu, Chitung in Kiangsu at the mouth of the Yangtsze, Haimen in Chekiang, Hsinghua in Kiangsu, Siushu, Kankiang, Chuanchow in Fukien, Hsinyankong, and Funing in Kiangsu. In announcing the closure of these ports, most of which are shipment points for fresh foodstuffs imported to Shanghai, the Japanese naval spokesman in Shanghai denied on Monday of this week that the step amounted to a blockade.

Foreign Ships Boarded

Last week, previous to this announcement, Japanese navy ships stopped and boarded three large liners near Hongkong —the *Ranpura*, British P. & O. ship, the *Aramis* of the Messageries Maritimes, and the *Sauerland* of the Hamburg-Amerika Line. The boarding of these vessels within Hongkong territorial waters was construed internationally as evidence of a blockade.

The British Government is taking a serious view of the matter, according to a *United Press* message from London which quoted an official spokesman as declaring that Japan, without admitting the legal assistance of a state of war, "appears to be arrogating to herself full belligerent rights." It was also intimated that British economic retaliation against Japan, in cooperation with the United States, might be forthcoming soon. According to a *Reuter* dispatch from Washington, Secretary of State Cordell Hull refused to comment on the Japanese action before he had received reports from American diplomatic and consular representatives in the Far East.

It is noteworthy that the President liner *President Coolidge*, bound from Shanghai to Manila via Hongkong last week-end, was not interfered with by the Japanese Navy, notwithstanding a statement by the Japanese Navy spokesman in Shanghai that all foreign ships within 200 miles of the China coast would be subject to detention for inspection of registration papers and to determine whether cargo "helpful to the Chiang Kai-shek regime" is being carried.

Preparing Contraband List

The spokesman also said that Japan was preparing a "contraband list," but it could not yet be disclosed because of its "complicated nature."

Although the situation at Kulangsu has remained unchanged in all material respects, an easing of tension was seen in the fact that a number of the foreign warships which proceeded there when the Japanese effected their landing on May 12 departed for Shanghai late last week and early this week. Among the departing vessels was the American cruiser, U.S.S. Marblehead, the British cruiser H. M. S. Birmingham (which brought Sir Archibald Clark Kerr, British Ambassador, back to Shanghai, together with Admiral Sir Percy Noble, Commander-in-Chief of Britain's China Station), and the French flagship, Lamotte Picquet, which brought to Shanghai the new commander of French naval forces in the Far East, Vice-Admiral Decoux. It was expected that a naval conference would take place here to determine a joint attitude with regard to the Japanese blockade, with a possible decision to furnish naval escorts for the mercantile shipping of the powers in China waters.

Meanwhile, naval conversations at Amoy, looking toward a simultaneous withdrawal of Japanese and other forces from Kulangsu, were reported to be deadlocked. The Shanghai *Mainichi*, however, interpreted the withdrawal of the larger foreign warships from Amoy as a "defeat" for Britain, France and the United States. "The Kulangsu question has been solved by the question of real power," the paper asserted.

The Amoy correspondent of the Tokyo *Nichi-Nichi*, on the other hand, cabled his paper last Saturday that prospects of a solution were not only not in sight, but that the situation was going "from bad to worse." Even if the issue of the landing parties was settled locally, he said, Britain, France and the United States were most likely to take joint action to frustrate Japanese efforts to execute reforms in the International Settlements. Therefore, "Japan must renew her grim determination to meet the situation in accordance with her fixed policy."

Threat to Employ Force

The Tokyo *Asahi* declared on Monday of this week that a "makeshift" solution of the foreign settlements problem would not be acceptable to Japan and added the threatening statement that Japan is now seeking to eradicate the "hostile character" of such areas by the use of force, if necessary.

According to a *Transocean* dispatch from London, the British Government is preparing a comprehensive note to Japan dealing with the question of the foreign-controlled areas in China as a result of conversations which the British Ambassador in Tokyo, Sir Robert Craigie, had last week with Japanese Foreign Office officials.

Sir Robert, the agency said, had been instructed to ascertain whether a declaration made to the press by a Japanese spokesman, to the effect that Japan demanded control over these areas, represented the real views of the Japanese Government. The answer was said to have been in the affirmative.

To Define Attitudes

The governments of the United States and France, according to the same source, will also define their respective attitudes as regards the foreign-controlled areas in China.

Domei reported this week that Mayor Fu Siao-en of the local puppet municipal administration had sent a strongly-worded note to Sir Herbert Phillips, British Consul-General, in which protest was made against the occupation of the Lung Chong Cotton Mill (British) in Pootung last week. British naval and military forces took control of the mill premises after ejecting striking workers.

Mayor Fu demanded that the British authorities guarantee that British forces respect the jurisdiction of his Shanghai City Government, which in the incident under protest they had disregarded.

Yoshiaki Miura, Japanese Consul-General, returned to Shanghai from Tokyo last Saturday, reportedly armed with instructions to continue negotiations with the Consular Body regarding the proposed "reform" of the International Settlement here. He told newsmen on arrival that Japan's demands in this respect were "reasonable and legal" and if the Powers continued to turn a deaf ear to them a "dismal condition" would be witnessed in the Settlement to the great inconvenience of its millions of inhabitants.

Mills in Tsaokadoo Restored to British

Two British-owned textile mills at Tsaokadoo (Jessfield Village) in the Shanghai area, formerly known as the Chun Tah Cotton Mill and the China Dyeing Works, were restored to their respective owners, the China Spinners Ltd. and the China Textile Manufacturing Co., Ltd., on May 24 after being occupied for 17 months by Japanese military forces. Perhaps appropriately, the properties were restored on Britain's Empire Day.

The two mills were occupied by the Japanese in December, 1937 and the British owners compelled to leave. Since that time representations for their return had been made in Shanghai and Tokyo, while questions regarding them were repeatedly asked in the British House of Commons. The owners are now understood to be reconditioning the machinery with a view to early resumption of operations.

Incident in Pootung

A tense situation reportedly arose at the Lung Chong Cotton Mill on Pootung Point toward the end of last week when a Seaforth Highlander on sentry duty at the plant, over which British forces had assumed control following a strike, allegedly scratched a Japanese naval officer with his bayonet when the latter was said to be seeking an interview with the British officer in command. The British military authorities investigated the charge and reportedly found no evidence in substantiation. In any event, a tense situation developed and it was freely rumored that the British guards had been withdrawn from the mill to avoid a clash. Officially, it was stated that the guards were removed when the Japanese authorities promised to guard the property against possible damage by the strikers.

It was reported that the strike was settled toward the end of last week and that operations would be resumed Monday of this week.

Indo-China Labor Unrest Causes Rise in Prices

Unrest among Annamite workers in French factories at Hanoi is being blamed for the recent marked rise in the cost of living throughout Indo-China, a *Domei* message from the capital of the French colony stated last week. Three thousand native mill hands of the Haiphong Spinning Company went on strike on May 19, demanding a 30 per cent increase in wages, free medical attention, and the abolition of the fine system. Together with the Nam Dangh Spinning Miill, the Haiphong plant is the largest of its kind in Indo-China. Strikes were also reported from other industrial enterprises in Haiphong and Hanoi.

Searching Old Trails for New Industry

BY REWI ALLEY

Editor's Note—This article, written by the Chief Technical Adviser to the Chinese Industrial Cooperatives, records incidents and impressions received by the author during his travels in China's vast hinterland. It affords an intimate picture of the common rural folk of China, of their needs, their sufferings, and their capacity to rebuild their lives if they are given the chance. It also indicates the social significance of the movement which has created 500 producing cooperatives within a period of eight months.

A fairly usual type of foreigner—hair like grass thatch on a cottage roof, eyes blue like those of the devil images in the village temple, a nose out of proportion, skin red and hands hairy. Really not so easy to look at. In khaki shirt and shorts, but with local straw sandals and a push bicycle.

And then a middle-aged peasant from a hill village, wearing only a new, market-day pair of short, bright blue trousers, which set off so well the beautiful sun-tanned skin of his broad chest and shoulders.

The two sat in a wayside matting shack where refreshment was served for passers-by. A Westerner was evidently a new experience for the peasant. He would stare at the apparition awhile, lift his bowl and draw in the sweet, hot rice beer of Southern Kiangsi, lower it and stare again.

The Problem of Yarn

The foreigner, used to the stares of country folk, talked to the stall keeper's child, trying to imitate the dialect of the locality. The child's mother came over, and talk fell to cotton cloth, its price and its weaving. Pointing to the peasant's bundle, she said that there was cloth which had been woven locally. Yarn used to be bought cheaply, it came from the coastal cities. Now no yarn came, and peasants had forgotten how to spin. And weavers had to make a living, and people must have cloth, if only for winter use.

The wine-drinker continued to stare. At length his curiosity overcame his country bashfulness, and he burst out with: "*Ni shih chung kuo ren, ma*?" (Are you Chinese?) When, in fun, the answer came, "Yes", he stared again for a moment, and rose, muttering as he picked up his bundle and left, "China is a very big place. Really a very big place."

The same question in the smoky kitchen of a little food shop in North Szechwan, and the same answer, brought forth from the peasant girl who worked the bellows: "That's right. He comes from Sing-kiang. There are many high noses there."

Believer in Devils

Its always the nose that draws the first comment. The small boy in Kiangsi who came to light the gas lamp each evening in the C.I.C. office became confidential: "Doesn't your nose get stuck in your rice bowl sometimes?" he asked anxiously and then later, in a burst of confidence; "You know, if I met you at night, I would be very frightened." "Then you believe in devils?" he was asked. "Of course." came the answer. "I always put my head under the quilt, so that I don't see them."

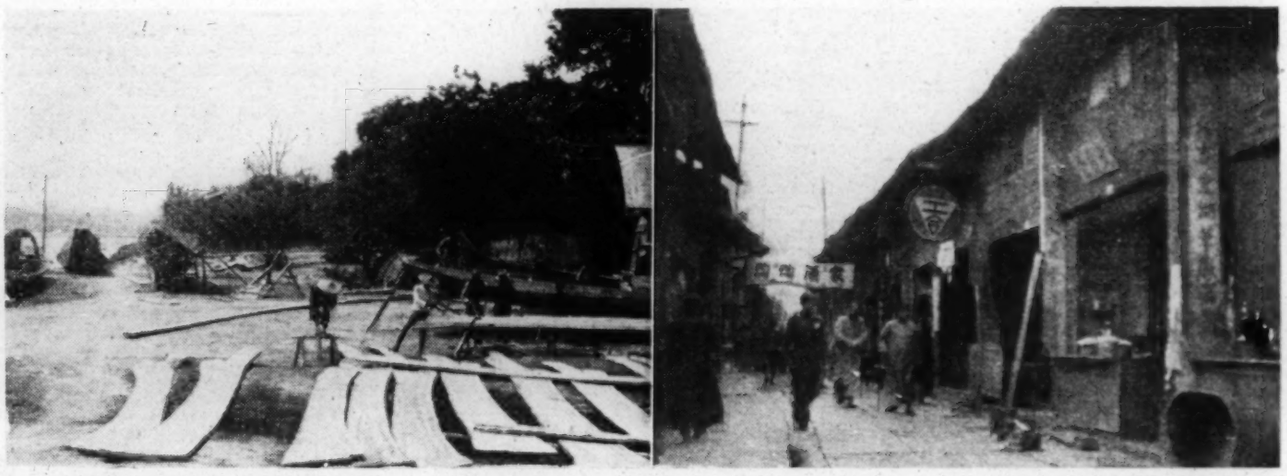
It was in a city in the Northwest, where the desert sands blow desolately against the city walls, and where in winter frozen rivers lie like silver bars up yellow loess valleys. The countryside was none too safe. A guard from a certain famous guerrilla army, noted for its fighting powers, but not for its formality, accompanied the writer. The sentry at the gate politely gave a smart salute in the approved German style. The guard kept a perfectly straight face. But when we turned the corner, and were well out of sight, he stuck an elbow into the writer's ribs, and burst out delightedly with: "Did you see that! Why, he thinks you are a great official!" He was a bright lad, once a refugee from a Honan flood. He wanted to buy a leather strap for his pistol holster. He visited every shop in the city that was likely to sell such, but all were sold out. Almost everywhere in the Northwest the demand for finished goods is greater than the supply.

While we were seated on the *kang* of an inn in another frontier city, three visitors entered and politely asked if it would inconvenience us if they shared one corner of the *kang*. They were members of the same army. A battalion commander, and two lads. The battalion commander was perhaps 25 years old, the lads perhaps 13 or 14 They had walked 120 *li* that day—forty miles over snow-clad hills. The commander wore suspended from his watch strap the badge of the New Life Movement, which one would hardly have expected in that place and in that army. They had no gloves and only straw sandals. One of the boys said, "Sing me a song, and I'll sing you one"—and held out two frost-bitten little hands to hold the foreigner's hairy ones as he sang, in a beautiful ringing voice that contained the passion of a people, a song of the partisans "with nothing to eat—nothing to wear—still we shall fight to the finish." And what was the visitor doing in the Northwest? His work was to help people to make things that were needed? Good! We want many things. Can you make rifles?

Other songs followed. That partiuclar *hsiao kwei* may be dead now. The three were on their way to what other soldiers in other wars called a "stunt." But he is a pleasant memory—in no way "fresh"—but with a complete absence of servility or of bombast. So completely sure of his place in things, and so completely real.

Still in the Northwest. A market day in the county seat. Crowds of simple, decent peasants lined the streets, marketing their produce. Strings of cart drivers with their carts and mules parked nearby. Suddenly air-raid alarm. And following it too closely, the Japanese planes. We rushed from the C.I.C. office and through the cut which had been made in the city wall nearby, to shelter in the hillside. The peasants and the cart drivers stood their ground, some sitting with faces upturned, wondering how to meet this peril. It was the first air-raid that had come to that town. The raiders came lower. Machine-gun bullets struck those faces, those carefully stitched and patched homespun clothes. Drivers held on to their mules and many died in so doing. As we came back after the raid, we stepped over pools of bright red blood, that quickly clotted as they mixed with the bright red earth under the bright sunshine of a glorious spring day. Sacrifice to a heathen emperor-worship cult! One felt consumed with disgust and hatred. Then followed a new determination to

China's Industrial Cooperatives Growing



The Chinese Industrial Cooperative movement is aiding in the development of economic life in Free China's hinterland by bringing together idle labor and raw material, hitherto separated by lack of initial capital. It makes loans and advances for the most needed and appropriate manufacturing enterprises in the various localities. At left, is seen a boat-building cooperative. At right is a street in a Hunan town, with the C.I.C. sign displayed over the entrance to the district headquarters.

work to eradicate this evil we have allowed to grow in the world.

The Cooperative Spirit

Western Hunan. A refugee village. Houses of wood and close together. Fire in the early hours of the morning, and a strong wind. Three cooperatives suffer heavy losses. A heavy blow, it would seem, especially after the energy and money that had been spent getting refugees to this spot which promised to be free from the Japanese and their bombs. But then came messages from other cooperatives established earlier, that they would share the losses. The idea seems to catch hold, we think.

Refugee girls from Hankow. They had once served in cotton mills. Before the fall of that city, Madame Chiang gave them a chance to get to Free China while there was yet time. They took it, and have organized themselves for production. They stop work when they want to. Feed the baby when they want to. Work nine hours a day instead of twelve, and have no foreman to drive them along. They make more money than they did before and are beginning to think that they have some control of their environment. "When peace comes, will you go back to Hankow?" one bright lass who still wore her numbered cotton mill apron was asked. She tossed her head defiantly, saying shortly, but definitely, "*Woi pu chu.*"

New Spirit in Old China

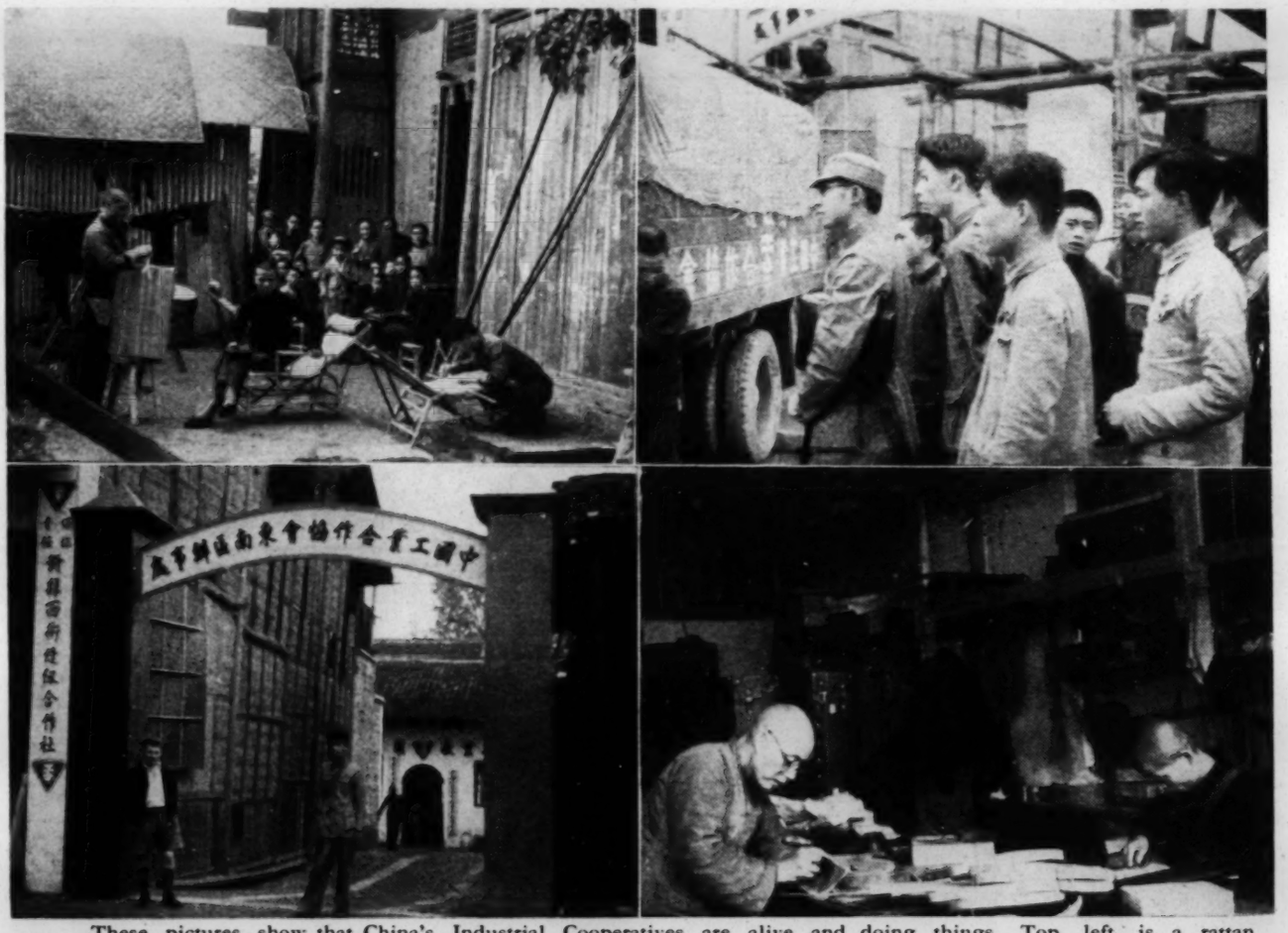
A cold spring evening on the Shensi-Szechwan border. The open army truck still churned up clouds of dust which settled on the few occupants who sat perched on a pile of supplies, rather dizzy with the jolting of 12 hours on the road. Over a hill, and then across a valley, a village showed through the dusk. It will do to stop at. There is no inn, though. Only a house in which troops have been billeted the preceding night. The peasant woman in charge points to the straw on the ground and thinks that it will not have *many* insects. She is a widow, and has a bright son of about 16 years who looks after us well. It is very evident by the way her eyes follow his every movement that she is devoted to him. Yet she says, "Soon he will be old enough to go and fight the "little devils." He smiles back at her as she says it. This is a new spirit in old China—once the last place in the world a mother would desire her son to be a soldier under any circumstances.

There are all kinds of people to be met on the trail. The ordinary man is kind and polite and very friendly. In many quarters one is asked if one is a Catholic priest. In one city the writer was considerably embarrassed when an old lady came up and bowing, crossed herself. All this notwithstanding the very secular garb of shirt and shorts. She was put to confusion, however, when two China Inland Mission bible men, met previously, came up claiming acquaintance.

Russian! *Or Lor Ss* is the most frequent remark one hears. Rural China has for many years been used to White Russian pedlars. In one Kiangsi village, after an eventful road trip over an uncompleted length on a bicycle—no mudguards—a wet day—very scratched legs, a very spick and span Air Force officer who wondered whether the foreigner was a German or an Italian, was met. He hardly believed the denial, and later was heard describing the interview thus: "He says that he is some kind of Englishman, but I think he must have *sung ching bing*—mental sickness!"

Then there is the very zealous officer who has the idea that every foreigner is a spy until he proves very definitely that he isn't. But when one realises that there must be many, many spies operating in old China today, one gets back one's sense of proportion a bit, and puts up with the delay.

Economic Revival Through Industrial Cooperation



These pictures show that China's Industrial Cooperatives are alive and doing things. Top, left, is a rattan cooperative started under C.I.C. auspices, while to the right is seen a C.I.C. truck arriving at C.I.C. headquarters in the Southeast and attracting the attention of the inhabitants. Lower, left, picture shows Mr. Rewi Alley, Chief Technical Advisor to the C.I.C., outside S.E. Headquarters. The view in the lower, right picture is of a leather goods cooperative established by S.E. Headquarters of the C.I.C.

A Kwangsi city. As the air-liner comes through the clouds it appears below, surrounded by fantastically unbelievable hills. Inside the walls all is ruins. An American hospital, once a scene of bustle and good works, is now just crumbling walls, with sightless windows. But the people are unbelievably cheerful—building new, temporary wooden shacks—carrying on their business—planning—what shall we do with these refugees?—those machines?—how can we cope with new demands? There is no defeatism here, no thought of surrender. One has the feeling in Kwangsi that there is a war on.

A Wounded Soldier Speaks

"What's being killed, anyway! It's just like going to sleep." The speaker was a

(*Continued on page 23*)

China is Also Fighting for Australia, Mme. Chiang Declares in Broadcast

"THE failure of China to continue successfully to resist until the aggressor is driven from her shores would mean the creation of a menace to the whole democratic world—a menace which would first jeopardize the safety and the security of Australia and then involve that peaceful land in catastrophe," said Madame Chiang Kai-shek in a special broadcast from Chungking to the people of Australia on the evening of May 9. The following is the full text of her speech:—

"May I convey the greetings of the people of China to all of you who live in the smiling, peaceful lands of Australia, and to all who live elsewhere who may be listening. I am speaking from a tragic spot. All about me are the smoking ruins of what were but a few days ago parts of the prosperous, densely-populated city of Chungking. Because of that I have abandoned the subject I selected when I was asked to broadcast, and I am going to speak on air-raids and their consequences. Air bombardment is the most monstrous invention for mass murder of innocent civilians, who are far removed from any actual battle front, that this civilized age has produced; but it cannot win a war.

Death But Not Defeat

"Throughout the whole of China air-raids have spread ruin and death; but they have not spread defeat. From the north to the south of China—from the seaboard to the far west—our country has been lighted by the flames of our homes and our businesses, and the wide sky has been tortured without surcease by the agonizing cries of our dying. Every day that the sun shines, and days when it hides, as if in shame, the bombers of Japan fare far and wide with merciless intent to create new holocausts. To Mars they daily make burnt offerings of Chinese men, women, and children, while the wide world watches.

"I have witnessed the bombing of towns all over China; I have travelled for days on end through avenues of stark ruin. I have seen interminable lines of our stricken people toiling, struggling over the mountains following the will-o'-the-wisp of safety. And later I have heard how scores and scores of them have been murdered in cold blood by the machine-gun bullets of cruising Japanese aircraft.

"At this moment, while I am speaking, I have in my nostrils the reek of bombed Chungking—a city which lies 1,400 miles up the great Yangtsze River. Here was committed wanton mass murder and incendiarism on scale never before experienced or recorded; and such as, I hope, no other city in the world will ever have to experience.

Boast to the World

"For months, in the winter, this region is hidden by fogs, but realizing the death trap that it is, the Japanese were content to wait, knowing that in their own good time, and by disregarding all humane impulses, their bombers could crush and burn the city and reduce it and its inhabitants to embers.

"They boasted to the world what they would do; they boast again that they will complete the immolation. So far they have, in a few fleeting moments, reduced large areas of the most congested city in the world to a fetid Golgotha.

"This shocking triumph of the Japanese is, however, but a large-scale repetition of the horrors they have already perpetrated upon thousands of other cities. It is a part of their deliberate policy to desolate China and impoverish and demoralize our people.

"They have so far vainly employed for 22 months every known death-dealing device to 'beat us to our knees.' They

More Pictures of the Japanese Air Raids on Chungking

Photos by C.M.P.S.

These pictures are of the raids on the provisional capital which took place on May 3 and 4. At top, left, is an awe-inspiring view of the city in flames against the dark sky of night, while at right is a daylight picture of the holocaust. Lower left shows Chinese soldiers helping civilians to evacuate the stricken city. Right, Mr. W. Stork Toller, British Consul-General, surveys the damage wrought by a bomb in the compound of his consular headquarters.

have employed them all with a reckless and ferocious barbarism, with an inhuman intensity, that have shocked mankind. They have blockaded our coast from north to south. They have ravaged our land with a military machine hitherto believed to be invincible, but they have not beaten us yet. Nor can they, even though they continue to pile horror and worse horror upon our ill-protected heads.

China's Defeat Impossible

"They cannot beat us because we are essentially an agricultural nation who have nowhere any concentrations of destructible wealth, the loss of which would cripple us and place us at the mercy of a vicious and better-armed foe.

"They cannot beat us because we will fight for our good earth, for our sovereignty and our freedom, as you would fight for yours, until our land is drenched with the blood of our millions.

"Here, then, is the grave lesson to be learned by you in Australia who are listening to me. We have not a single vulnerable center in all our vast land. You have your wealth concentrated in your coastal capitals and in a very few interior centers. A blockade, and a fraction of the bombardments which have been visited upon China by such a ferocious foe as the Japanese have proved to be, would prostrate you and leave you helpless.

"We began our resistance with a population estimated at four hundred and seventy million people, while your population is but seven milion, five hundred thousand —less, be it noted, than the number of Chinese people who have already been forced by war, especially by aerial bombing, out of their homes and businesses."

"What could possibly save Australasia and the whole South Seas if China failed to continue her resistance? Or if Japan contrived to secure this vast land of ours as part and parcel of the Asiatic Empire she dreams of developing?

"With the European panorama being what it is, no fleet could give any help to Australia if Japan utilized nearby islands as a base for her navy and her air force. In vain would the fighting quota of the seven-and-a-half million people of Australia resist such an invasion as Japan could launch if fortified by the resources of a conquered China. Do you realize the full import of such a possibility? Do you, in your peaceful pastures, grasp the significance of what really is happening here at your northern doorway? Do you in your mining areas and in your cities know what the consequences of a weakened and defeated China would be to Australia?

Only One Answer

"There is but one answer: The failure of China to continue successfully to resist until the aggressor is driven from her shores would mean the creation of a menace to the whole democratic world—a menace which would first jeopardize the safety and the security of Australia, and involve that peaceful land in catastrophe.

"The conquest of China will not satisfy Japan. If her claim is honest that she must have land for her increasing population she cannot find accommodation for any of her surplus in China. Every piece of arable land in our country is occupied and is being cultivated by our own people. In this province of Szechwan they terrace all the hills and mountains as high as cultivation is possible. Japan is fully aware of this condition. What she wants of China is a continental base for her Empire, and our natural resources.

"For unoccupied spaces for her people Japan will look elsewhere. Manchuria is useless to her for colonization. It is too cold; and the Japanese now admit that. Korea is not attractive; nor is Formosa. If they were, they would have absorbed Japan's overflow long ago. But Australia does attract, and it has the vast unoccupied areas which no other country in the Pacific possesses. That is why Japan covets your land; that is why the future is dangerous; that is why it will be disastrous for you if by mischance, or by democratic indifference, China is permitted to be bled to death.

Fight Will Go On

"We are doing our best to prevent such a fate. We have been fighting a single-handed war of defence for nearly two years. We will continue fighting. Though Japan may bomb our cities unto dust, and bring death to large sections of our population, one thing is certain: she cannot kill either our soul or our spirit. We have been pushed into the west, where we are building anew, and in time we will win to victory and recover what we have lost.

"When victory is ours we shall not forget the sympathy, the encouragement and the support which have come to us steadily from the people of Australia, particularly our countrymen who live there, and who, I know, are following the course of this war with anxiety and hope.

"Good-bye."

Searching Old Trails

(*Continued from Page 21*)

crippled soldier, with one leg off, and not much more than 20 years of age. "The best thing to do with us is to put us together with machine-guns and let us await the enemy." He had learnt to weave and to knit socks with a knitting machine, but a change of hospital had taken this interest away from him, and he was lonely, with nothing to do but eat and talk all day. He had learnt to write and to read a little, too, but wanted books that would make that knowledge worthwhile. Mostly, though, he wanted something to do.

In another crippled soldier's camp, industrial units had been formed, and it was a joy to see how the gloom disappeared from the lonely men's faces as they found that they were of use again. It disturbed one, though, to see the dreadful earnestness with which they tackled their new work. One felt that if by chance these cooperatives failed them after they had put so much of themselves into their concerted effort, their last state would be worse than their first. So we resolve that these cooperatives, at any rate, must not fail. The men made soap, candles, paper, printed matter, cigarettes, as well as publishing a paper. They had plans for more industry which would help them to stand on their own feet.

China Will Survive

As one moves on the trail of new industry, and meets workers and peasants who have had to leave their homes and their work and flee before the war pestilence, there comes a new realization of how fundamentally decent and right-thinking the common people of China are. One knows that given the kind of social structure that will enable them to work together and to progress, nothing will be able to stand against them, and that the world will be richer for what they have to offer. There comes the feeling that the Chinese people will emerge from the chaos which faces the world better than anyone. They have been used to chaos. They are learning how to meet new situations in new ways. Their eagerness to set up and run industry when they have the chance offered shows this clearly. Unlike the scion of the official class in China, the common man has learnt to trust the group rather than himself. He is more of a cooperator than an individualist. With the support of such, new industry has an assured success.

It was in a bus. An old man with spectacles, and very stout, was discussing things in general with his companion. "Of course Chinese are better for airmen than Westerners," he was saying earnestly. "It is so much more difficult for Westerners to see, with those high noses."

Tokyo Alarmed by Yen Decline Here

Reports from Tokyo early this week indicated that great concern is being felt regarding the decline of the Yen on the Shanghai exchange market. From its earlier sharp fall to 88 cents Chinese currency, the Yen is now back in the region of 96 cents, but still well below par in relation to the Chinese dollar.

A *Reuter* report said that measures for the bolstering of the Yen are being demanded by Japanese financiers and the press, while officials of the Japanese Finance Ministry in Shanghai were said to be discussing the situation with Japanese banks.

Among the various explanations which have been advanced to account for the decline of Japanese currency on the local market, the most facile and the most asinine was the one which attributed the phenomenon to excessive spending by Japanese residents in Shanghai. Yet this was given by *Reuter* as the "general opinion" prevailing in Tokyo.

The fall in the value of Yen at Shanghai, according to the Shanghai *Mainichi*, has moved the Manchukuo government to lift the ban on the export of soya beans to Central China, with the proviso, however, that the limited exports of this commodity henceforth to be permitted must be paid for by Central China importers in Japanese Yen. The ban on the export of soya bean and soya bean oil to Central China deprived Manchukuo of Yen 3,000,000 worth of export trade each month.

To prevent any further decline in the Yen, it has been suggested that an embargo be placed on the export of Japanese currency to Shanghai, *Reuter* reported from Tokyo. It has also been suggested that Yen circulating in Shanghai be completely severed from the Yen at home, and that Japanese Army notes be made the sole legitimate currency in Central China, with perhaps a period of grace for Shanghai and environs. But serious difficulty is seen in any attempt to isolate the Yen at Shanghai, for this would involve not only economic but also political issues.

Oxford Union Reverses Itself on War Issue

The Oxford Union, according to a *Reuter* report last week, has abandoned its "no war" stand by adopting a motion reading: "That in view of this country's (Britain's) new commitments and the gravity of the general situation in Europe this House welcomes conscription." The motion was carried by 423 votes to 326, the largest vote taken at any meeting of the Oxford Union since the famous "no war" debate of Feb. 9, 1933, when a motion that the House "would not fight for King and country" was carried by 275 votes to 153 and aroused great interest abroad.

In reversing itself on the war issue, the Oxford Union has gone the way of all pacifist organizations, which in periods of comparative international tranquility oppose war on sentimental, idealist grounds, only later to discover a "just war" in which they can conscientiously enlist their services.

Outstanding Events in the Sino-Japanese War A DAY-TO-DAY SUMMARY

First installment of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts appeared in the September 11th (1937) issue of the Review.

May 13

Twenty-seven Japanese bombers raided Chungking yesterday; three of the raiders claimed shot down by Chinese anti-aircraft batteries. Casualties believed running into thousands, as several refugee camps and a middle school were struck by bombs. Many fires also started in bombed areas. Godown of Messrs William Hunt and Company, American concern, completely demolished, with property losses of over $400,000.

Dr. Yen Fu-ching, Director of the National Health Administration, officially announced that during the Japanese air raids on Chungking on May 3 and 4, five thousand civilians were killed, 2,000 wounded and 2,391 buildings destroyed. The number of war refugees now totals over 50,000,000, of which 16,000,000 are destitute and have to be supported by the state. In addition, 6,000,000 children also cared for by the Government.

Chungking military authorities expressed satisfaction over the results of recent Chinese counter-offensive drives in Hunan, Hupeh and Kiangsi. The Japanese said paying heavily for protecting Nanchang. Japanese claims that over 20 Chinese divisions are trapped in Central Hupeh and facing "annihilation" at the hands of Japanese forces, denied and ridiculed by Chungking army spokesman, saying that such propaganda is intended to deceive only those foreigners having no geographical knowledge of China.

Conclusion of a secret Sino-Soviet agreement alleged by Tokyo newspapers, terms of which said including a Soviet loan of $400,000,000 to China for munitions, another sum of $100,000,000 for the establishment of a Sino-Soviet arms import company and promise to supply China with unlimited number of pilots and mechanics. In return for its aid, Moscow said to have demanded that the Soviet Government must be consulted before mediation in the conflict by any third power is accepted by the Chinese.

Japanese bluejackets landed in Kulangsu make house-to-house search in the island and numerous arrests. Hung Li-hsun, punpet chairman of the Amoy Chamber of Commerce, died of injuries sustained on May 11, when he was fired on by unidentified gunmen. Japanese planes bombed Chinese position on the mainland opposite Kulangsu

Gen. Chiang Kai-shek ordered that opium evil must be completely eradicated from the Southwest before the end of the year.

At a Chinese reception at the New York World's Fair yesterday, Chinese circles in New York appealed to American Congressmen for an embargo on shipment of American war supplies to Japan. The appeal was featured by a message from Dr. Wang Chung-hui, Chinese Foreign Minister, and an address by the Chinese Consul-General at New York, Dr. Tsun-chi Yu.

*
**

May 14

Acting under instructions from the State Department in Washington, Joseph Grew, American Ambassador at Tokyo, yesterday made vigorous representations to the Japanese Foreign Office against the Japanese airbombings of Chungking, Swatow, Ningpo and Foochow.

Swatow bombed by three Japanese planes causalties unknown.

Japanese positions in Kwangtung and Kiangsi bombed by Chinese aircraft during the past week. Japanese airdrome at Tienho in Canton set on fire as result of Chinese raid on May 7.

Hochan, in southern Hopei, recaptured by Chinese guerillas following three-day attack.

Wreckage of the three Japanese bombers shot down during their raid on Chungking on May 3 exhibited in Chungking. The wrecks of seven of the eleven Japanese planes shot down on May 4 also found; all said of German or Italian make.

The Chinese People's Foreign Relations Association yesterday sent messages to various peace organizations in Europe and America, appealing for aid against the Japanese aggression.

U. S. State Department announced that no export licences for shipment of American war materials to Japan were issued during April.

*
**

May 15

Formal protest lodged with the Japanese Government by Sir Robert Craigie, British Ambassador at Tokyo, against the landing of Japanese troops at Kulangsu.

Japanese Consul-General at Amoy presented (yesterday) the following five demands to J. M. Morehouse, Chairman of the Kulangsu Municipal Council:

1. Thoroughgoing control of anti-Japanese elements.
2. That the Chairman of the Municipal Council, the Police Commissioner and the Chief Secretary be chosen from among that Japanese, and that more Japanese be appointed to serve on the Council.
3. That Formosan residents be given the right to vote, and to be elected to the Municipal Council.
4. That the existing three vacancies for members representing the Chinese community be filled by Chinese ratepayers.
6. The Japanese Consular Police to cooperate with the Council police in searching and arresting anti-Japanese terrorists.

Interviewed concerning the Japanese landing at Kulangsu, Foreign Minister Dr. Wang Chung-hui said that it was aimed at testing the real attitude of the third powers towards the Far East and also a preliminary step in the contemplated seizure of the International Settlement at Shanghai and other similar areas.

Chinese cities along the Chekiang, Fukien and Kwangtung coasts severely bombed by Japanese planes during past few days. Changchow in Fukien raided three times on May 13; over 50 bombs dropped on various parts of the city.

Dr. Sun Fo's talks with the Soviet leaders in Moscow believed to have resuled in increased Soviet support for China, according to **Havas** message from Moscow. Nature of the talks unrevealed.

Japan to take "fundamental and strong measures" to deal with the problem of the Shanghai International Settlement, according to **Yomiuri Shimbun.** Important talks concerning the Shanghai issue now taking place in Tokyo between Foreign Minister Hachiro Arita and Y. Miura, Japanese Consul-General for Shanghai. The paper declared the Shanghai issue requiring "surgical operation" for its solution.

Some three thousand Kwangsi women forming a women's regiment are participating in the defence of Lingyang Railway Station to prevent the Japanese drive on the West River regions, according to **United Press** report from Hongkong.

Gen. Chiang Kai-shek issued statement, denouncing the Japanese for their ruthless and wanton aerial bombardment of Chinese civilians and charging the Japanese with resorting to terrorism in an attempt to force China into submission. Urging that China be adequately armed and firmly resolved to resist to the last, Gen. Chiang asserted:

"I believe that the people will forever remember the Japanese brutality and will forever remind their posterity until the invaders are annihilated and the deaths of their unfortunate brethren are avenged."

Gen. Ho Kuo-kuang assumed office as new mayor of Chungking, succeeding Chiang Chi-cheng. Gen. Ho declared that his first task would be to strengthen the air defence of Chungking.

Casualties caused by the Japanese airbombings of Chungking on May 3, 4 and 12 totalled about 10,000, according to spokesman of the National Relief Commission.

Chinese troops recaptured Yokow on the Han River front yesterday after causing the Japanese heavy losses, according to Chinese dispatch.

Japanese planes yesterday again bombed Foochow, the business section of which reduced into ruins. Kian and Kwangchang in Kiangsi also heavily bombed yesterday.

Replying to the American protest against the indiscriminate bombing of defenceless civilians in China by Japanese planes, Japanese Government promised that Japanese aviators would "atempt to avoid injuring Chinese civilians and other non-combatants in China."

The Japanese-sponsored "Hua Hsin Commercial Bank" opened in Hongkew (Shanghai) today, but its notes rejected by both Chinese and foreign banks. The puppet bank staffed almost entirely by Japanese, from high officials to servants.

The five Chinese abducted by Japanese plainclothes men at the Foo Lai Restaurant on Kwangsi Road in Shanghai on May 9 had been released, declared Japanese spokesman at press conference. Statement untrue, as none of the five men returned to their homes.

A formal declaration that the Chinese Government welcomes foreign capital in the development of her resources and industries was made by General Chiang Kai-shek in address at the National Production Conference.

No British war materials exported to Japan since February, 1938, declared Oliver Stanley, President of the Board of Trade, in the House of Commons.

Party of 42 American bluejackets from the U.S.S. **Marblehead** landed at Kulangsu shortly upon her arrival at Amoy from Tsingtao. An exactly equal number of British and French bluejackets also put ashore. The total strength of the American, British and French landing parties is 146 bluejackets. The landing followed a virtual ultimatum to the Japanese from Admiral Sir Percy Noble, Commander of the British China Station, that a landing would be made unless all the Japanese bluejackets landed on the island were withdrawn. Sir Percy Noble also informed the Japanese that there could be no question of a modification of the Kulangsu Municipal Council not in accordance with the Land Regulations.

Majority of the Japanese bluejackets landed on Kulangsu last week withdrawn on May 15 and there are now only 42 left on the island. The Japanese explained that this action was taken because of the round-up of suspicious Chinese elements. The 42 Japanese bluejackets now concentrated on a Japanese hospital in Kulangsu.

Formal protest against the occupation of Kulangsu presented to Japanese Foreign Office yesterday by the British Embassy at Tokyo.

Japanese attitude towards the Kulangsu Municipal Council said considerably stiffened, as the Council rejected the

THE
CENTRAL BANK OF CHINA

A BANKERS' BANK

HEAD OFFICE:
CHUNGKING

SHANGHAI OFFICE:

Telephone: 74430 Cables: "Governbank"

BRANCHES:

SHANGHAI	Swatow	*Nancheng*	*Nankiang*
HANGHSIEN (Yungkang)	*Kongmoon*	Lanchow	*Tsehuttsing*
Ningpo	WUCHOW	*Tienshui*	*Nanpu*
Chuhsien	Kweilin	Kweiyang	*Mienyang*
AMOY	TIENTSIN	*Panhsien*	*Loshan*
Foochow	Peiping	KUNMING	*Kwangyuan*
Tsinkiang	NANCHANG	*Mengtsu*	*Santai*
Nanping	*Kian*	CHUNGKING	*ICHANG*
Chienou	*Linchwan*	Chengtu	*Hankow*
Pucheng	Chengchow	*Wanhsien*	Changsha
Santuau	Kaifeng (Nanyang)	Ipin	Changteh
Kulangsu	*LOYANG*	Yaan	*Hengyang*
CANTON	Sian	*Kiangtsing*	*Lingling*

FOREIGN CORRESPONDENTS:

NEW YORK, LONDON, BERLIN, PARIS, GENEVA, OSAKA AND HONGKONG

For Fast and Efficient Radio Telegraph Service to all Parts of the World Send

RADIOGRAMS

"Via RCA"

RADIO IS THE QUICKEST AND MOST RELIABLE MEDIUM FOR ALL TELEGRAPHIC COMMUNICATIONS. IT HAS BROUGHT ABOUT RATE REDUCTIONS AND INAUGURATED NEW CLASSES OF SERVICE TO MANY COUNTRIES....

In CHINA file your messages "RCA"

(R.C.A. Communications, Inc.)

R. C. A. Communications, Inc.

(A Radio Corporation of America Service)

Head Office for China:—
Sassoon Arcade
Shanghai
Tel. 12558

AGENCIES:—
Tientsin: 65 Consular Road, Tel. 31430.
Hongkong: China Building.
Hankow: Harrisons, King & Irwin Building, Tel. 21771.

five demands submitted to it by the Japanese Consul-General at Amoy, Goro Uchida, on May 13.

British Consul-General at Hankow protested to the Japanese authorities against the continued usurpation by Japanese military authorities of wharves belonging to Messrs. Butterfield & Swire, British shipping concern.

Swatow bombed three times by Japanese airplanes, resulting in more than 50 casualties.

Compound of the Church of Scotland Mission at Ichang bombed by Japanese planes on May 14, according to report received at Chungking.

Chinese guerilla units extremely active in the Peiping area, according to refugees who are flocking to Peiping from surrounding areas. Guerrilas mostly belonging to the 8th Route Army.

Chungking authorities ridicule Japanese claims that Chinese troops under command of Gen. Tang En-po had been entrapped by the Japanese in Hupeh and that Gen. Ting Chien-fan, a brigade commander, captured by the Japanese in Kiangsi.

*
**

May 18

The United States yesterday formally rejected Japan's request for a revision of the land regulations in the International Settlement of Shanghai. The American note not only warned Japan against "taking advantage of developments which originated elsewhere and are prejudicing the international character of the Shanghai Settlement" but urged Japan to return Settlement areas north of Soochow Creek to the authority of the Shanghai Municipal Council.

Japanese forces would occupy the International Settlement should a "great incident" contrary to Japanese interests occur there, said spokesmen for the Japanese Army and Navy at press conference.

Tokyo naval spokesman declared that the Navy Office was surprised over the action taken by the American, British and French navies in landing force at Kulangsu yesterday.

American rejection of the Japanese demands on the International Settlement of Shanghai likely to result in hesitancy by Japan before sending armed forces into other foreign concessions in China, according to **United Press** report from Tokyo.

Four British and American owned and registered Chinese-language newspapers suspended by order of British Embassy and Shanghai Municipal Council. The reason for this action was that the four papers published Gen. Chiang Kai-shek's statement denouncing the Japanese airbombing of Chinese civilians. The papers concerned were: the **Wen Hui Pao** and the **Yih Pao** (both British operated), and two American dailies, the **Ta Mei Pao** (Chinese-language morning edition of the **Shanghai Evening Post and Mercury**) and the **Chinese-American Daily News**. Registrations of the two latter papers with the Shanghai Municipal Council cancelled; licences of the former two journals revoked by the British Embassy.

One hundred and fifty Soviet aviators who fought against the Nationalists in Spain recently requested the Chinese government to be granted permission to join the Chinese air force, according to foreign report from Chungking.

Chungking circles favorably impressed by the firm attitude adopted by the Powers in connection with the Kulangsu situation. They expressed the belief that: 1.—Once the Powers call Japan's bluff, they will hereafter take much stronger steps than were taken before in their future dealings with Japan. 2.—As soon as the Powers assume a strong stand, Japan will "certainly back down."

Twenty-one Japanese war prisoners captured in the Central China front recently arrived at Chungking. Questioned by foreign correspondents today, they said that they were well-treated and well-housed in Chungking.

Japanese garrison at Kaifeng, Honan capital, increased by another 10,000 men in view of recent repeated Chinese attacks. Chinese villages along the Lunghai Railway and in North Honan heavily bombed by Japanese airplanes.

Japanese attempted drive on Hsiangyang and Fancheng in northern Hupeh checked, according to field dispatch received at Chungking.

*
**

May 19

Extraordinary emergency measures enforced throughout the International Settlement south of the Soochow Creek for fully 24 hours by the Shanghai Municipal Police and units of the Shanghai Foreign Defence Forces. All streets leading to the French Concession boundary barricaded; large search parties stationed at each intersection. Intense excitement prevailed at Shanghai, as rumors were rife that the Japanese were contemplating seizure of the Settlement. Despite a large crop of rumors, the day ended without any incident. Searches conducted resulted in no discovery of arms or arrests.

Tokyo newspapers raised an outcry against the refusal of the United States Government to agree to the Japanese demands for a reorganization of the Shanghai Municipal Council, coupled with an appeal for strong action against Great Britain, the United States and France.

Landing at Kulangsu by the Powers also hit in the Tokyo outburst; United States, Britain and France charged with "aggressive attitude;" stern action against the three Powers threatened.

The American, British and French naval authorities at Kulangsu yesterday jointly proposed to the commander of the Japanese marines that a simultaneous and joint withdrawal of all armed forces from the International Settlement be made.

Chinese claim important victory in nothern Hupeh; 10,000 Japanese troops allegedly killed in sanguinary battles at Tangho, near the Honan-Hupeh border. Victory followed surprised counter-offensive launched by Chinese forces under command of Gen. Tang En-po. Japanese reports admit that Chinese troops, claimed to have been "encircled," broke the Japanese cordon.

Sir Archibald Clark Kerr, British Ambassador, left Chungking by air for Kunming and Hongkong en route to Shanghai.

Germany sells most arms to China since the outbreak of the Sino-Japanese hostilities, declared R. A. Butler, British Under-Secretary of State for Foreign Affairs in the House of Commons.

Peiping-Suiyuan Railway interrupted by Chinese guerillas, according to Peiping report.

Chinese Maritime Customs at Kiangmen, south of Canton, taken over by the Japanese yesterday.

*
**

May 20

Japanese demands for a revision of the Land Regulations of Shanghai's International Settlement rejected by British Government. Rejection officially communicated to Japanese government.

Japanese troops in south Honan reported retreating towards Tsaoyang in Hupeh after having encountered strong Chinese opposition.

Furious artillery duels again broke out between Chinese and Japanese forces on south and north banks of the Yellow River. For two days, the heavy guns have boomed across the river between Tungkwan and Fenglingtu.

Li Pei-chi appointed Minister of Personnel of the Examination Yuan, succeeding Niu Yung-chien.

A Japanese staff officer, Major Nakayama, belonging to a certain Japanese division in Kiangsi, reported to have surrendered to the Chinese. He is said to be now assisting the Chinese army in Hupeh, Hunan and Kiangsi provinces.

Who's Who in China

Liu Keh-shu, Government official; born at Changsha, Hunan, 1905; studied political science at London University; chief instructor, Whamgpoa military Academy, Canton; chief of the 2nd Division of the Generalissimo's Provisional Headquarters at Ichang; deputy chief of the 2nd Department of the Generalissimo's Headquarters at Canton; after the outbreak of the Sino-Japanese

Liu Keh-shu

柳克述字劍霞

war in 1937, was appointed head of the Party and Political Affairs Department, attached to the Headquarters of the Commander-in-Chief of the 3rd War Zone; Chief of the Secretariat of the Political Department of the Military Affairs Commission; now member and concurrently Secretary-General of the Hupeh Provincial Government; author of the following books: An Introduction to the Study of Unequal Treaties between China and Foreign Countries, The Rebirth of Turkey, A Study of World Politics and Economics, History of World Diplomacy in the Last Hundred Years, Theory of Political Science, Theory and Practice in Modernization of Provincial Administration in China, Impressions on European Education, and translator of "Dollar Diplomacy" by Nearing and Feeeman; address: Hupeh Provincial Government, Ichang, Hupeh.

Spanish Fugitives Said Badly Treated in France

Allegations that Spanish refugees interned in French concentration camps are subjected to brutal treatment were made this week by the newspaper *Populaire*, organ of the French Socialist Party, of which M. Leon Blum, former Premier, is the leader. Selecting the concentration camp at Collicure for special condemnation, the paper asserted that French guards and officers brutally maltreat the Spanish internees, often sentencing them to terms of solitary confinement, or depriving them of their food rations, without any reason. Prisoners are also subjected to physical beatings, the paper charged.

TYPEWRITERS, AUTOMOBILES, Bought, Sold, Rented, Repaired & Rebuilt, HERMES BABY Dealers, Bartlett Yung Co., 132 Kiangse Road, Tel. 11875, Garage End of lane 749 Yu Yuen Road, Tel. 20349.

American Firm Given Milk Trademark Verdict

Final judgment has been given by the Chinese Administrative Court in Chungking in favor of the General Milk Company, an American concern, against the Holland China Trading Company, for trademark violations, it was revealed here last week.

The trademarks of the General Milk Company were registered with the Chinese Trademark Bureau and consisted of various "flower" brands, including Peony and Carnation.

The Holland Company used the Rose Brand as its trademark, which brand, the American firm said, was similar to and was an infringement of its registered emblems.

When the case was first fought in the Trademark Bureau, the owners of the Carnation mark won. Appealing from that decision, the judgment was reversed. This reversal was sustained by the Executive Yuan.

Taking their appeal to the Administrative Court, the American Company was given the final judgment. It was represented by Mr. H. D. Roger and Mr. C. C. Kung, local attorneys.

Japan's War Budget Is Now Yen 4,605,000,000

The total figure for national expenditures of all Japan's budgets for the 1939-40 fiscal year is Yen 12,728,621,000, including Yen 4,605,000,000 for the special military budget, the Finance Ministry announced last week. This is an increase of Yen 1,786,145,000, *Domei* reported.

Japanese Arrest Jardine Shipping Clerk in Hankow

The arrest on May 15 of the chief shipping clerk of Jardine, Matheson & Co., Ltd. in the former British Concession by a party of plain-clothes Japanese has caused considerable alarm among foreign firms in Hankow, *Reuter* reported on May 29, adding that possible action against members of their Chinese staffs is feared.

The Japanese gendarmerie have refused to divulge any details regarding the man's whereabouts. There are grounds for belief, however, that he has been imprisoned by the gendarmerie, and subjected to maltreatment in order to force out information regarding the firm's activities. The clerk has been in the employment of Jardine's for 25 years and his record is said to be excellent.

Shanghai Exploration Makes Record Profit

The highest annual profit in the company's history—$1,126,333.04—was reported May 25 at the meeting of shareholders of the Shanghai Exploration & Development Company, Ltd. It was decided to allocate the profits as follows: $238,900.40 for payment of a final dividend of $0.40 per share, making a total dividend of $1 per share for the year; $417,658.04 for the payment of a special dividend of $0.6993007 per share by the issue to shareholders of one bonus share for every five shares held; and $70,000.75 to be applied to general reserve, expanding the latter to $100,000. The meeting also approved a resolution to raise the nominal capital of the company to Tls. 3,000,000 by the creation of 600,000 new shares of Tls. 2.50 each.

QUEER EFFECTS ON TIME

If a watch varies those valuable minutes it may be my lady's powder puff, dust being a frequent cause. The motor car magneto, the electric cleaner, the wireless, all tend to put it out, unless it is a Tissot. Tissot watches are impervious to electrical influence and ladies' watches have most daintily designed dustproof cases. Tissot watches are moderately priced and fully guaranteed.

Tissot

the non-magnetic watch of guaranteed quality

Tissot Pocket and wrist watches of various designs, for men and women are on sale at high class Watch-makers, Jewellers and Department Stores.

Sole Agents:
Crobest, Ltd.
320 Kiangse Road
Shanghai

Hongkong Distributor:
M. BERAHA
Asia Life Building
Hongkong

ZENITH
LONG DISTANCE RADIO
"THE ORIGINAL AUTOMATIC"
"ALWAYS A YEAR AHEAD"
Sole Agent
SCIENTIFIC SERVICE COMPANY
142 Museum Road, Shanghai
Tel. No. 12997

THIS ROOFING
STOPS
2 KINDS OF LEAKS

They are the leaks in your roof that cause leaks in your pocketbook.

This Texaco Roll Roofing will stop both. It's made right for long, hardweather service, year in and year out protection and economy. Come in, let us show you actual samples.

THE TEXAS CO. (CHINA) LTD.

12 The Bund Tel. 11566

Men and Events

Dr. H. Thomas, medical officer, connected with the Customs Administration at Ningpo, who has been in Shanghai for several days, has returned to his post.

•

Robert E. Moss, representative in Japan for the Republic Steel Corporation, was in Shangnai on a business trip last week. He was accompanied by Mrs. Moss.

•

Rear-Admiral J. M. Smeallie, who will take over command of the U. S. 16th Naval District at Cavite, Philippines, passed through Shanghai last week on the President Coolidge. He was accompanied by Mrs. Smeallie and their daughter Ann.

•

The Soviet authorities announced, on May 23, the discovery of a new gold field in the Befreja district in the Amur River valley. It was thought to be the richest yet discovered in the Union. Exploitation will begin with the year.

•

Major-General Frank Keith Simmons, M. V. O., O. B. E., M. C., new Commander of British Military Forces arrived in Shanghai this week. He was welcomed at the Customs Jetty by a guard of honor formed by units from the British forces at Shanghai.

•

Officials of the American Legion in Shanghai will shortly visit the tomb of Gen. Frederick Ward at Sungkiang, which has been repaired. The tomb was seriously damaged during the Sino-Japanese hostilities in that region. The party scheduled to make the trip includes J. Mortimer, Mark L. Moody and J. Hall Paxton.

•

Upton Close, well known American author and lecturer on Oriental subjects, in the course of a statement before the Foreign Relations Committee of the U. S. Senate dealing with the Neutrality Bill, said, "One good isolationist Senator is worth more to Japan than a whole division of soldiers."

•

James Nevile, eldest son of the Rev. N. F. and Mrs. Duncan, was married on Saturday, April 15 to Miss Alice Mary, elder daughter of the late Mr. and Mrs. H. N. Lachlan, formerly of the China Inland Mission. The wedding service was held at Holy Trinity Church, Tunbridge Wells, England, the service being conducted by the Rev. N. F. Duncan, M. A., father of the bridegroom. Rev. Duncan was assisted by the Rev. W. Grist, M. A.

Ichiro Yoshida has been appointed Japanese Consul-General at Manila in succession to Consul-General Uchiyama who returned to Japan last year.

•

Dr. C. T. Wang, former Ambassador at Washington, who has resided in Hongkong since his return from the United States, departed on May 26 by air, for London, where he will represent China at a conference of the International Olympics Committee.

•

Marc Chadourne, well known correspondent for the *Paris-Soir*, is now visiting in Shanghai collecting information for a series of articles dealing with conditions here. Mr. Chadourne arrived in China in December, last year, and spent several weeks in southwest and west China, prior to visiting Hongkong. He is staying at the Park Hotel.

•

Dr. John L. Caughey, pastor of Community Church, Shanghai, was the chief speaker at the annual meeting of the Braille Literature Association of China, held at Bible House, 58 Hongkong Road, Friday evening, May 26. Dr. W. H. Tipton was chairman of the meeting. A special program of songs and recitations was given by a class of 10 students from the Institute for Chinese Blind.

•

Admiral Harry E. Yarnell and Mrs. Yarnell who are departing for North China next week, were entertained on Monday evening, May 29, at the British Country Club by members of the British Chamber of Commerce, China Association, and Shanghai branch of the British Reisdents Association of China. H. G. W. Woodhead, chairman of the China Association, presided in the absence of R. Calder Marshall, who is chairman of the three groups. Mr. Woodhead expressed the appreciation of the British community for the service rendered by Admiral Yarnell, declaring that the American Admiral was a "tower of strength of neutral interests.". Referring to Mrs. Yarnell, Mr. Woodhead said that "hers is a personality and charm which will not easily be forgotten." Aside from members of the community there also were present a large number of foreign diplomatic, naval and army officers. Admiral and Mrs. Yarnell will be guests at a reception in their honor which will be given by the members of the American Association, guests and friends at the Columbia Country Club on Saturday afternoon, June 3, from 6:30 to 7:30 o'clock. Bishop Roberts, chairman of the Association, will preside.

LINGERIE that is far-famed, made of the finest silks, satin and brocades, correctly styled.
HOSTESS COATS and PAJAMAS of rare old brocades, the new popular silks and brocaded satins.
JADE and JEWELLERY in great assortment of old and new Chinese art.
IVORIES one of the largest collections of fine old carvings in figures, plaques, bottles, boxes, animals and tusks.
OLD EMBROIDERED MANDARIN COATS and wall pieces in large and varied assortment.
MEN'S ROBES, PAJAMAS and SMOKING COATS in silk/wool, old and new brocaded silks.
HANDBAGS—petitpoint, embroidered, brocades and kassu.
CURIOS, PEWTER, PORCELAIN and MONGOLIAN objects of art.
Mail orders a Speciality
THE SEA CAPTAINS' SHOP
MRS. W. TORNROTH,
119 Nanking Road, Shanghai.
Cable Address: Seacap. . . . . Telephone 10206

G. Finlay, control engineer of the Shanghai Power Company, died at the Shanghai Country Hospital on Friday, May 26, following an illness of 19 days. Mr. Finlay was born at Newcastle-on-Tyne in June, 1883 and is survived by his mother and three sisters, all residing in England. He served with the British forces at Scapa Flow in the World War.

•

J. V. Crowe, manager in the Far East of the Ford Motor Company, Exports, Inc., who went to the United States several weeks ago because of illness, was operated on at the Ford Hospital at Dearborn, Michigan last week and is now recovering, according to word received in Shanghai this week. They hope to return to Shanghai in the autumn.

•

The annual election of the American Association resulted in the following being elected to the committee for a period of three years: A. Bassett, J. W. Carney, J. Fistere, Randall Gould and F. J. Twogood. Those elected to serve for one year were W. Judd, Mrs. R. T. McDonnell and J. S. Potter. The votes were counted by C. F. Wolsiffer, W. T. Collins and Miss E. Ormsby.

•

Wang Hung, waiter in a Chinese restaurant on Boulevard Montparnasse, Paris, shot and seriously wounded another waiter named Lun Shen-hai on May 29. Wang then unsuccessfully tried to commit suicide. Trouble between the men developed over Wang's discharge from the restaurant. Little hope was held for either man's recovery, according to the *Havas* report.

•

Lieut. Arthur F. Anders, who was an officer on the U. S. S. Panay which was bombed and sunk by Japanese planes near Nanking, was awarded the Distinguished Service Medal by the U. S. Navy Department at Washington on May 20. Vice-Admiral John W. Greenslade, who presented the medal, said, "Your conduct was of the kind that appears more meritorious the more it is considered against the background of service tradition." Lieut. Anders, who is a native of Weimar, Texas, continued to operate a machine-gun against the Japanese plane after he had been severely wounded by fragments from the Japanese bombs.

The American Ambassador, Nelson T. Johnson, departed from Shanghai on Tuesday night of this week on his way to Chungking where he will resume his relations with officials of the Government of China. Mr. Johnson will probably proceed to Chungking by way of Haiphong, Indo-China, and Kunming. He was accompanied by Major J. M. McHugh, Assistant Naval Attache, and Mr. R. Nicholson, U. S. Treasury representative, who is proceeding to Hongkong on business. Mrs. Johnson, accompanied by the two children, departed on Wednesday, aboard the U. S. S. Isabel, flagship of the Yangtsze Patrol, for Tientsin and from there will proceed to Peiping where they will reside for the present.

•

The China Finance Corporation, Fed. Inc., U. S. A., manufacturers of a soft-drink known as "Eddie-Kola," was enjoined from using its trademark due to its similarity to the well known Coca-Cola trademark, in a decision handed down by Judge Milton J. Helmick in U. S. Court for China on Tuesday, May 30. Testimony showed that "Eddie-Cola" was similar to Coca-Cola in color and appearance, hence was an imitation.

More than 1,000 students, former students parents and friends, participated in the annual Alumni Day outing at St. John's University on Saturday, May 27. The function was held on the campus at Jessfield and was the first important affair to be held there since the outbreak of hostilities in 1937. Talks were made by Dr. F. L. Hawks Pott, President and by E. T. Tsu, chairman of the Alumni Association.

•

Rear-Admiral William Glassford, who arrived in Shanghai last week in company with Ambassador Nelson T. Johnson, has taken over command of the U. S. Yangtsze Patrol from Rear-Admiral D. L. Breton who is returning to the United States. This is Admiral Glassford's first trip to China in 15 years. He commanded the Destroyer Division here from 1922 to 1924. He commanded the U. S. Destroyers which carried relief to Japan at the time of the earthquake. After returning to the United States in 1935 he served as naval adviser to the Argentine, where he remained until 1937 when he assumed command of the U. S. S. Maryland. He is accompanied by Mrs. Glassford.

What A Maternity Nurse Recommends For Children's Ailments.

"I am writing this to tell you of my experience with Baby's Own Tablets," states Mrs. R. Kisserow, of 270 Glen Manor Drive, Toronto, Canada. "My children are grown up now and have children of their own, but forty years ago I never used anything else for my babies but Baby's Own Tablets, and always found them safe and reliable in teething or in any baby ailments. Being a maternity nurse myself I have recommended them to very many of my patients."

You may be sure that you have a thoroughly reliable remedy when you give your little one Baby's Own Tablets, for they are the prescription of a British medical child specialist and are guaranteed to be absolutely pure and free from harmful ingredients.

They are unsurpassed for the corrective treatment of infantile indigestion, colic, constipation, vomiting, 'wind,' diarrhoea, worms, and they bring children through the trying period of teething with a minimum of pain and discomfort. All chemists can supply Baby's Own Tablets.

BANK OF CHINA

The Specially Chartered International Exchange Bank of China

With Branches and Sub-branches throughout China, and Agencies and Correspondents all over the world, this Bank offers all kinds of banking facilities to meet your personal and business requirements.

624 Avenue Joffre · Shanghai, China

Sr. Benigno Ramos, Filipino radical leader, head of the so-called Sakdahl Party, and two of his followers who were arrested sometime ago on a charge of illegal solicitation of political funds, was scheduled to face the Municipal Court in Manila on June 1. At the preliminary hearing Ramos pleaded not guilty. Ramos was charged several years ago with promoting a seditious uprising and fled to Japan where he resided until recently when he was permitted to return to Manila.

•

A Chinese foreman employed by the Public Works Department of the International Settlement was killed and a coolie assistant badly injured on May 28 when a truck in which they were riding was struck by a Japanese gasoline railway car at the intersection of North Szechuen Road Extension and Kiangwan Road. The Japanese car was traveling at a high rate of speed and completely wrecked the truck. The Japanese car was derailed but none of the inmates was injured.

•

Six White Russians appeared before the First Special District Court on May 26 charged with the theft of articles from the Endeavorers' Church, 480 Chapoo Road, French Concession. Two were released for lack of evidence, the others, V. Denisoff, M. Kostitsin, V. Fetisoff and S. Krookosy were remanded for further investigation. According to the prosecution the men entered the church between April 22 and May 17 and removed property valued at about $900. A foreign women testified that she had purchased four curtains, taken from the church, from one of the men.

•

Dr. Hu Shih, Chinese Ambassador to the United States, stated that the modernization of China was closely linked with Columbia University, in the course of an address delivered before the Columbia University Club, Washington, D. C., on May 24. He said that the modernization and simplification of the Chinese language had originated at Columbia in 1916 when he was a student at the University. It was there that he developed the idea of reform in Chinese literature which formed the basis for transforming the spoken language into the written. Dr. Hu has recovered from several weeks of illness, due to heart trouble, which confined him to a Washington hospital. He announced that he would deliver a series of lectures in New York, Chicago and various western cities.

•

The ashes of the late Dr. Anne Walter Fearn, former resident of Shanghai, who died in Berkeley, California recently, will be buried in Shanghai. Upon arrival in Shanghai the ashes were turned over to Dr. Walter B. Nance, a life-long friend who has arranged a memorial service at community church at 5 o'clock Sunday afternoon, June 4. The ashes will be buried with the remains of her husband, the late Dr. John Burrus Fearn and their daughter, Elizabeth, who died several years ago. The return of Dr. Fearn's ashes to Shanghai completes a "cycle of Cathay" referred to in the last chapter of her book, "My Days of Strength," which is said to have become a best seller in the United States. A copy of the book was placed alongside her casket at the funeral service which was held in Berkeley. The service there was conducted by Dean James Muilenberg of the Pacific School of Religion at the Congregational Church of Berkeley. The service was attended by many former residents of Shanghai who now reside in California.

Shanghai's annual Basket Fair, held under the auspices of the famous Bubbling Well Temple, is being held this year within the temple compound. For many years the exhibits, consisting of baskets in infinite varieties, furniture and household equipment, have been held along the streets in the vicinity, but this year the police of the International Settlement refused the exhibitors permission to use the streets. The banning of the fair has caused considerable resentment in the Chinese community, which has always utilized the occasion for outfitting their homes. Since the space within the temple compound is limited, the exhibitions have been greatly curtailed.

Japan to Get Profits from China's Railways After 1941

Sonyu Otami, president of the North China Development Company, which seized the Chinese Government Railways of North China after the beginning of the war in 1937, expressed his belief (Tokyo, May 23) that transportation enterprises in North China would begin to pay dividends "after 1941." He based this statement on the record of the railways of Manchuria which are now yielding a satisfactory return, earlier than was expected. The Manchurian railways were seized after the occupation of that territory in 1931-1932. He thought that China's railways would recover quicker because of the denser population in China. Mr. Otami said that it had not yet been decided to what extent the Chinese railways would contribute a share of their profits to the Japanese Government. He also said that the matter of repaying foreign debts on the railways was solely a matter for the Japanese Government to decide.

May 30 Anniversary Not Marked Locally This Year

May 30, anniversary of one of China's most famous incidents, was not celebrated in Shanghai this year. It was reported that Chinese residents had decided to forego observance of the day in order to show China's growing friendship with Britain. Precisely who made this decision on behalf of the Chinese community has not been stated.

On May 30, 1925 British members of the Shanghai Municipal Police, opened fire on demonstrating students and workers outside the Louza police station in the International Settlement, killing about 10 and wounding several others. This incident, which gave a great impetus to the then rising Nationalist movement, and which led to a powerful anti-British boycott, had been celebrated by the Chinese each ensuing year, especially in Shanghai.

S.M.C. Removes Ban on Shanghai Papers

The ban on the American-owned *Chinese-American Daily News* and the *Ta Mei Pao*, morning Chinese-language edition of the *Shanghai Evening Post*, imposed two weeks ago, was lifted May 31 by the Shanghai Municipal Police.

The certificates of registration, cancelled on May 18 because the papers published the verbatim report of Generalissimo Chiang Kai-shek's Chungking speech, were returned.

Two British-owned Chinese-language papers the *Wen Hui Pao* and *Yih Pao*, which were suspended at the same time by the British Consul-General for two weeks, were also authorized to resume publication.

New Books of Interest in the Far East

Spain's Civil War

DAYS OF HOPE—By Andre Malraux London. George Routledge & Sons, Ltd. 507 pp. 8s. 6d.

It is significant that great fiction is not born on a battlefield. Of the two works on war which first come to the reviewer's mind—Remarque's *All Quiet* and Leo Tolstoy's *War and Peace*, the former was written about a decade after the World War, while the latter was written nearly a century after the Russo-French War of 1812. It is difficult to understand why wars, which cause such tremendous changes in the minds and lives of individuals and entire peoples, must wait a decade to find adequate analysis and description. A possible answer is that the impact of war on men is so great as to defy description at close range.

Andre Malraux, one of the outstanding writers of the *post bellum* era, has attempted the task of semi-fictionalizing a war that was then still in progress. He has had all the requisites for writing a great book—intimate acquaintance with the scene described, great talent and apparently leisure to set his thoughts and impressions on paper. *Days Of Hope*, a story of the Spanish civil war, is an interesting work, masterful in parts, enthralling in others, but on the whole definitely not a great book. It lacks the introspect of time, the beauty and intensity of *Man's Fate*, and even the striking naturalness of *All Quiet*.

But there is in the book one quality which alone is sufficient to justify its appearance. The book is indispensable for understanding the emotions, the minds and the actions of a considerable group which, without arms and leaders, chose to meet Gen. Franco's Italian, German and Moorish hordes on the field of battle rather than surrender its ideals. *Days Of Hope* is also an important historical document, for it covers the events sandwiched between the Fascist uprising and the Guadalajara battle, in which the Italian drive was stemmed.

Many readers will find themselves enthralled by the description of air battles—frightening, gory and withal exciting. Malraux himself was commander of the International Air Force in Spain and was wounded in combat, and it is possible to recognize him in the figure of Magnin, the strong-willed, capable and likeable flier depicted in the book.

Magnin and Manuel, a revolutionist who searches his soul for the answer to his problems and does not find it until the last page, are perhaps the most interesting and convincing of the numerous individuals paraded by Malraux across the bloody and terrible Spanish scene. Some return to the limelight in successive chapters, others come out but once to return no more, but almost every one of the persons described forms an interesting psychological study.

It is through this persistent and painstaking study that Malraux had apparently hoped to supply the answer to Spain's own questions: why the war and what of the future? And through the filter of Manuel's mind, Malraux gives the following answer:

"Once it had been deliberate contemplation that had taught Manuel about himself; now it fell to chance to snatch him from the activities of the moment and force his mind upon his past. And, like himself, like all those others, drained of her blood, Spain, too, was growing conscious of herself—as in the hour of death, suddenly, a man takes stock of all his life . . . But war may be discovered only once in a lifetime; life, many times.

"As the strands of melody took form, interwoven with his past, they conveyed to him the self-same message that the dim sky, those ageless fields, and that town which had stopped the Moors might, too, have given him. For the first time Manuel was hearing the voice of that which is more awe-inspiring even than the blood of men, more enigmatic even than their presence on the earth—the infinite possibilities of their destiny . . ."

A great book or not, *Days Of Hope* is recommended for reading, for it is a thoughtful, provocative and thrilling piece of writing.

G.

A Guide Book

OUR AMERICAN TROPICS—By John E. Jennings, Jr., New York, Thomas Y. Crowell, Co., 1938. 261 pages, index. U.S.$2.50.

The title of this book is a misnomer, as the author himself hastens to explain in his introduction. Hawaii and the Canal Zone were purposely omitted, and the title retained. This means that the book is a guide to Florida and the Caribbean possessions of the United States—a guide book without a map.

The first third of the book deals with Florida, whose romantic history is given in some detail. No effort has been made to minimize the snobbish flavor of Palm Beach, which permits cars with trailers to remain for only one hour. Miami is described as a combination of Atlantic City and Coney Island. Smaller resorts on the Gulf coast as well as the Atlantic beaches are included. The Tamiami Trail, an automobile road, goes directly into the Everglades, a tropical swamp-land, part of which is being reclaimed for crops. A portion has been set aside as a national park.

From Miami an automobile road lies across the coral keys to Key West. The longest stretch of bridge is seven miles and distances of one or two miles across the water are not uncommon. Key West itself lies as far south as Canton.

The remainder of this guide book describes Puerto Rico and the Virgin Islands. Puerto Rico became part of the United States after the Spanish-American War. The Virgin Islands were purchased from Denmark for twenty-five million dollars in 1917. Despite the author's enthusiasm, one is forced to conclude that these islands are difficult to reach, expensive to visit and almost impossible for the average tourist to explore.

The best feature of the book is undoubtedly the inclusion of many excellent full-page photographs taken by the author, but with its stories of hurricanes, tidal waves, the dangers of swimming, the expenses of fishing, one cannot imagine Mr. Jennings' book starting a tourist fad toward this particular portion of the United States tropics.

F. M. R.

Guide to Alaska

ALASKANA—By Marie Drake. Juneau, Alaska, 1938. Paper, 48 pages. U.S.$0.50.

This little booklet is a condensed history and guide to the Territory of Alaska, written by Marie Drake, Deputy Commissioner of Education in Alaska. The illustrations are excellent.

A.B.C. PRESS, SHANGHAI
Printing
in all its Branches
Your work should bear our imprint

WHEN YOU THINK OF PAINT THINK OF
CAMPBELL
PAINTS AND PAINT WORK
Everything the best
H. B. CAMPBELL
1481 Bubbling Well Road
Phone : 34360

Pinkettes are dainty little laxative pills which neither gripe nor purge. Taken when needed, they ensure, in a natural way, regular elimination of the body's waste materials from the intestines, thus banishing constipation; also they aid digestion, dispel biliousness, correct sick headaches, sweeten the breath, keep the complexion free from blemish, the eyes bright and clear. Obtainable at all chemists.

SWAN, CULBERTSON & FRITZ

Investment Bankers and Brokers in Securities and Commodities.

Daily New York and London Stock Exchange Service.

Sassoon House **Telephone 11200**

Is Your Daughter Anaemic?

Among the most obvious indications that a girl is anaemic are lack of energy, breathlessness, dizzy spells, faintness, pallor, pains in the side and back, depression, a general sense of inefficiency and weakness. The condition is one calling for immediate attention because if neglected more serious ills will follow. What the girl needs is a good tonic to build up her impoverished blood. Many anaemic girls the world over have been rapidly helped back to health and placed on the road to happy radiant womanhood by Dr. Williams' Pink Pills.

These pills supply iron, in a form which the system can change into haematin or blood iron. This enables the blood to pick up more oxygen and aids the system in the formation of more red corpuscles. Usually after a short course of treatment with the Pills there is a marked improvement, the patient looks and feels much better, she is no longer dispirited, a healthy colour re-appears in her lips and cheeks, exercise ceases to over-tire her, dizziness and faintness become things of the past, and she recovers energy and spirits.

Dr. Williams' Pink Pills are equally good at all stages of life for men as for women who are suffering from any ailments which have their origin in a weak, impure condition of the blood, such as nervous troubles, indigestion, premature ageing, pains in the back and limbs, emaciation, general debility and the special ills of women. Obtainable at all chemists, but be sure to ask for

Dr. Williams' Pink Pills.

Subscribe to
THE CHINA WEEKLY REVIEW
$14.00 per year

Chungking Raided For a Third Time

Chungking, China's provisional capital, was subjected to a Japanese air raid for a third time on May 25. Twenty-four machines loosed more than 100 bombs on the city, according to *Kuo Min*, causing an as yet undetermined number of casualties. It was claimed that Chinese pursuit planes engaged the raiders and shot down two of them.

According to a *United Press* dispatch, the crew of the American river gunboat, U.S.S. Tutuila, were ordered to man the guns when officers observed the left wing of the Japanese aerial armada over the Yangtsze, parallel to the south shore anchorage, but no actual firing took place.

On Monday of this week, according to the *Shin Pao*, the Fukienese port of Foochow was bombed no less than five times by Japanese raiders, especially heavy civilian casualties being caused in the villages of Shati and Shangki on the city's outskirts. The same day, fourteen Japanese bombs were dropped on Changmen, another Fukien coast town. Putien, 70 miles south of Foochow, was raided for the first time on May 25. Among damaged properties was a British missionary school, Chinese reports said.

Kwangtung Air Raids

Shiuchow, provisional seat of the Kwangtung Provincial Government, was raided by eight planes on May 25, when 24 bombs were dropped on the residential area, killing 20 civilians and destroying more than 10 houses. Yungyun and Yingtak, also in Kwangtung, were bombed the same day, a number of people being killed and injured in each of the raids.

Chenhai, Chekiang port at the mouth of the Yung River, was also bombed on May 25, and Haimen the day previous. In the first raid, *Kuo Min* said, there were no casualties, but in the second ten persons were killed.

A *Domei* dispatch from Tokyo on May 27 said that Japanese naval aircraft made more than 1,670 raids on more than 300 different places from the start of the China hostilities up to the time of the landing on Hainan Island on Feb. 10 this year. Naval authorities declared that these activities were "unprecedented in the world's war annals."

According to a *Reuter* report from Chungking on May 29, a lull has descended on China's war fronts following the alleged collapse of the Japanese offensive in Hupeh province. It was said that neither side is making any major military moves at the present time. Chungking military circles believed that some time would elapse before the Japanese decided their next move.

Japanese Complete Wuhan Flood Prevention Work

Bringing to a close four months of activity, during which an aggregate of 110,800 Chinese laborers were employed, Japanese Army engineers early this week declared the triple cities of Wuhan safe from flood.

Extensive repairs were carried out along the banks, dykes and flood gates of the Yangtsze and Siang rivers, damaged or weakened by Chinese troops last year. The work, necessitating, according to *Domei*, a vast expenditure of money, was effected by the Japanese Army and Navy.

In their present state, the various flood prevention measures should be able to cope with a water level of 53.6 feet, the highest recorded in the area, engineers stated.

Nippon Sentry Held to Blame for Crash

Responsibility for the tragic automobile smash in which Mr. Bertram Lillie, head of the Henry Lester School and Institute, lost his life on the evening of April 24 was placed squarely on the shoulders of a Japanese sentry when Mrs. Marjorie Lillie, his widow, testified in the British Coroner's court at the resumed inquest into Mr. Lillie's death on Thursday of last week.

As reported in The Review for Apr. 29, Mr. Lillie met his death when the Ford sedan he was driving collided with a Japanese-owned bus on Broadway, in the Japanese-occupied Honkew district. Mrs. Lillie, who was with him in the car, was seriously injured and has emerged from hospital with her face disfigured. Sergeant R. J. Wimsett of the Shanghai Municipal Police, who was also in the car at the time, was more seriously injured and is still in hopsital. The fourth casualty, a Japanese sentry, was killed.

Mrs. Lillie told Magistrate C. H. Haines, the Coroner, that the Japanese sentry leaped on the running-board of the Lillie car as it was going down the incline of Broadway Bridge towards Soochow Creek, and grabbed and swerved the steering wheel of the vehicle. Mr. Lillie, who was at the wheel, attempted to straighten the car, but as the sentry continued to tug at the wheel he lost control and could not avoid crashing into the omnibus which suddenly appeared, coming from the direction of Garden Bridge. Both the sentry, who was crushed between the two vehicles, and Mr. Lillie were killed instantaneously.

A Japanese naval spokesman, the day following the accident, said that Mr. Lillie had driven his car in a zig-zag manner after leaving Broadway Bridge in an apparent effort to shake off the Japanese sentry. The sentry had jumped on the running board of the car when Mr. Lillie failed to answer a challenge to stop, it was claimed.

Japanese to Build Cigarette Factories in North China

The Manchurian Tobacco Company, a subsidiary of the Japanese Government Tobacco Monopoly, has been granted permission by the Tokyo Finance Ministry and the Asia Development Board, which is an Army set-up in the Cabinet, to develop a number of new cigarette factories in North China. The new factories will be operated by the North China Tobacco Company, also a Japanese government-controlled enterprise. It will have a capital of Yen 10,000,000 of which Yen 2,500,000 will be paid up immediately.

The new factory in Peiping, which will occupy an old Chinese plant, will have 15 sets of machines with an annual capacity of 2,500,000,000 cigarettes. The plant at Tientsin will have five units with an annual production of 1,500,000,000. The plant of the Manchurian Tobacco Company at Changchun also will be enlarged.

Soviet Discovers New Amur Gold Field

A new gold field has been discovered in the Befreja district of the Amur River region, according to a report received in Moscow, which states that the new field is the richest yet discovered in the Soviet Far East. Exploitation of the new field will commence some time this year, it is stated.

FIRST in Local Coverage . . . .

FIRST in Foreign and National News . . . .

and FIRST in Features . . . .

That's

The China Press

There's no other English-language newspaper in Shanghai containing as much news and features as The China Press.

The China Press publishes full despatches of six foremost news agencies of the world—UNITED PRESS, REUTERS, HAVAS, TASS, KUOMIN and DOMEI.

Get a copy of THE CHINA PRESS now!

and get acquainted with the Newsiest Newspaper in Shanghai

●

The China Press

160 Avenue Edward VII . Tel. 15426

If you are SATISFIED

with

The China Critic

(中國評論週報)

WHY NOT GIVE YOUR RELATIVES AND FRIENDS

THE SAME SATISFACTION?

BE A "CRITIC BOOSTER"!

Subscribe Now! - - - - - Do It yourself!

"Subscribe to the Critic" - - Pass the word!

Subscription Rates for one year

(Including Postage)

China ..... **C.$7.00**

Other Countries ..... **G.$5.00**

THE CHINA CRITIC

(中國評論週報)

桂中樞 C. S. Kwei, *Editor* | 朱少屏 P. K. Chu, *Business Manager*

191 Carter Road, Shanghai, China Telephone 31164

HONGKONG SHANGHAI TIENTSIN

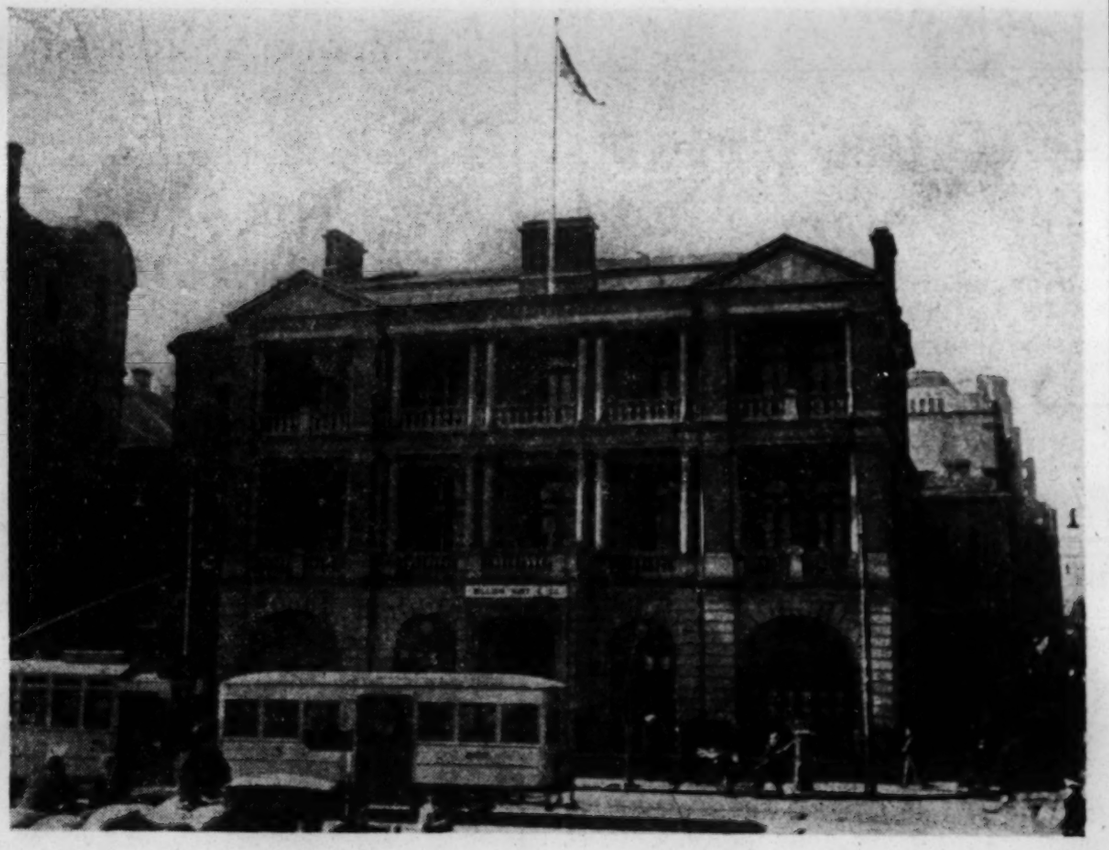
CANTON SWATOW FOOCHOW CHANGSHA HANKOW

CHUNGKING KUNMING ICHANG WENCHOW NINGPO

WILLIAM HUNT & COMPANY

General Managers

for



HUNT STEAMSHIP CORPORATION

HUNT ENGINEERING CORPORATION

CHINA FOREIGN ASSURANCE CORPORATION

CHINA FOREIGN TRADE CORPORATION

NANYANG BROTHERS TOBACCO CO., INC.

WATSON'S MINERAL WATER CO., INC.

CHINA CORPORATION

WASHINGTON LONDON

中華郵政特准掛號認爲新聞紙類

Registered at the Chinese Post Office as a newspaper for transmission with special marks privileges in China